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NEWS SUMMARY

GENERAL BUSINESS

'Gang of Four' on trial soon. The "Gang of Four" - widely blamed for much of the strife and economic turmoil during the 15 years of China's Cultural Revolution - will be put on trial soon.

Lloyd's faces £10.85m injunction. FEDERAL LEASING OF THE U.S., which is suing 55 Lloyd's of London policyholders for £628m (£285m), is seeking a preliminary injunction for payment of \$23.6m (£10.85m) in insurance claims.

New pressure on Patriotic Front. The Lancaster House talks on the future of Zimbabwe Rhodesia move into their fifth week with the Patriotic Front apparently facing an ultimatum from Britain to accept the new British proposed constitution or face the breakdown of the conference.

Berlin parade. East Germany staged its biggest military parade in East Berlin since the silver Soviet President Leonid Brezhnev, who watched the parade, had warned western Europe against stationing medium-range nuclear missiles on its soil.

Ohira ahead. Preliminary results from the Japanese General Election indicate that the ruling Liberal Democratic Party of Prime Minister Masayoshi Ohira will increase its majority in the Lower House of the Diet, but probably not as much as the party had hoped.

Castro for UN. Cuban President Fidel Castro is expected to visit the United Nations this week, according to the U.S. State Department. It will be Castro's first UN visit since a General Assembly session in 1960.

Solidarity praised. Engineering Employers Federation director general Anthony Frosdham says the solidarity of the EEF during the recent dispute enabled it to squash the most damaging aspects of the claim and find ways of offsetting the cost of the reduction in the working week.

Troy beaten. Troy, the British-owned favourite, was convincingly beaten for a third place in the Prix de l'Arc de Triomphe in Longchamp by French filly Three Troikas and another French challenger, Le Marmot.

Briefly... Pakistan's general election, due on November 17, may be postponed, President Zia ul-Haq said.

Fed raises discount rate to boost dollar

BY STEWART FLEMING AND DAVID BUCHAN

THE FEDERAL RESERVE Board, with the explicit support of the Carter Administration, has launched a new attack on U.S. inflation which is expected to push U.S. interest rates above already record levels and, it is hoped, help revive waning international confidence in the dollar.

The measures include a 1 per cent increase in the Federal Reserve discount rate to 12 per cent; a rise in reserve requirements on any increase in a broad range of bank liabilities; and a radical change in market management aimed at stabilising growth of bank reserves rather than market interest rates.

There will also be reserve requirements against borrowing in the Euromarkets by U.S. banks and domestic borrowers. In sharp contrast to the dollar-support package forced on the U.S. by a mounting currency crisis a year ago, the latest measures are focused directly on attacking accelerating U.S. inflation and excessive creation of credit, which many economists claim is fuelling it.

The point was driven home by Mr. Paul Volcker, Federal Reserve chairman, when he announced the moves on Saturday night. "I would emphasise," he said, "that the fundamental solution to the instability in foreign exchange markets does not lie in intervention and that the kind of actions we take here are ultimately more important."

There is considerable uncertainty about the precise impact of the Fed's moves, since much depends on how aggressively it follows through on the decisions it has made. But many U.S. economists expect a significant rise in U.S. interest rates.

Dr. Henry Kaufman, a partner of the New York investment banking firm of Salomon Brothers, said yesterday that the prime rate in the U.S. would move to at least 14 to 15 per cent range compared with the current level, a record 13 per cent. Because of the likely restriction of credit availability which the Fed aims for, Dr. Kaufman expects the impact of tighter credit conditions to result in higher long-term bond interest rates too.

The White House swiftly endorsed the Fed's moves, with Mr. Jody Powell, the Presidential Press Secretary, saying the steps "will help reduce inflationary expectations, contribute to a stronger U.S. dollar abroad, and curb unhealthy speculation in commodity markets."

Washington does not routinely comment on Fed interest rate moves, and Mr. Powell's statement was clearly designed to quell rumours of major policy row between Mr. Volcker and Mr. William Miller, the Treasury Secretary and the Administration's senior economic policy-maker.

LABOUR LAW CHANGES

Ministers reconsider amendment

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT is preparing to drop the most far-reaching of its labour law reforms in the face of furious trade union opposition and widespread employers' unease.

The proposal involved is a long-standing one to introduce a general limit on trade union immunity, so that employers can sue unions when their industrial action interferes with commercial contracts.

Employment Ministers are acutely conscious of the unpopularity of their proposed amendment to the Trades Unions and Labour Relations Act, and the argument of bodies like the Confederation of British Industry, the Engineering Employers' Federation and the Institute of Personnel Management that the change could lead them into a legal maze and heighten union opposition for little immediate gain to the employers.

Their preliminary verdict is bound to anger some sections of the Conservative Party, whose annual conference opens in Blackpool tomorrow. The conference on Thursday will debate a motion from Newcastle Central welcoming the Government's initiatives on trade union reform, and urging Ministers "to hold firm to party policy as endorsed by the electorate."

In his speech of reply to the debate Mr. James Prior, the Employment Secretary, may stress that no final decision has been taken. But the "direction of Government thinking" is already clear.

Mr. Prior is due to reply after the conference to TUC objections to his plans, and aims to produce a Bill next month. The net outcome of the Government's assessment in that action will be taken to limit picketing only, by removing the legal immunity of pickets not involved in a dispute and of those who stand outside workplaces not directly connected with the dispute.

But new legal constraints on industrial action generally, aimed mainly at curbing "secondary" activities like blocking and blockading of goods, are now considered too difficult to frame.

The Conservative Election manifesto said that action would be taken on both fronts, and initial proposals to that effect were published in July. Mr. Prior's original intention had been to act on immunities generally by pushing back on to Continued on Back Page

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The measures

The discount rate is to be raised from 11 to 12 per cent and is likely to be moved around more flexibly in coming months.

The Federal Reserve is to shift the focus of monetary policy away from the interest rate for federal funds in the direction of curbing bank reserve growth and thus credit creation.

An extra 8 per cent reserve requirement on increases in most types of deposits.

North Sea drilling licence round may be postponed

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT may be forced to postpone the bidding for the next round of exploration licences in the UK sector of the North Sea.

Although Mr. David Howell, Energy Secretary, has not announced a date for the offer of seventh round blocks, he was thought to be hoping to publish details of the new drilling acreage this autumn. Now it seems unlikely that the blocks will be put on offer before the early months of next year.

The seventh round licences have been caught up in a backlog of energy policy considerations, caused partly by the protracted discussions about British National Oil Corporation's future - and whether or not the corporation should be able to keep all of its assets - and partly by the still unresolved issue of the sale of some of the Government-held British Petroleum shares.

Mr. Howell is also working on a new energy strategy for the UK, one which takes in such considerations as the expansion of the nuclear and coal industries and the depletion of Britain's reserves of crude oil and natural gas.

Exploration. A few months ago Mr. Howell said he was concerned about the drop in oil exploration and development activity in the North Sea. He indicated that not only was he anxious to encourage an early start to drilling under the terms of the sixth round but was also keen to start the licensing procedures for the seventh round.

Tories concerned at their image

BY ELINOR GOODMAN, LOBBY STAFF

MINISTERS will use this week's Conservative Party conference to try correcting what they regard as the unfortunate light in which Government policies have been represented.

Some Ministers still have their reservations about the wisdom of asking for spending cuts of the size now required. But during what is likely to be a four-day victory celebration in Blackpool, they will make a concerted effort to present the cuts in a more positive light.

It will be emphasised that the Government has not actually cut expenditure in real terms, only reduced Labour's planned increases.

They may also try to pass the blame for some of the more publicised cuts, like economies in certain forms of medical treatment, onto someone else. In some cases, the local authorities may be presented as the villains. In others, the unions may get the blame for draining money away from other forms of expenditure, such as new kidney machines, by inflated demands.

The campaign to change the Tory image - which is likely to be accompanied by more details of policies in certain areas dear to the hearts of Tory activists, such as law and order and housing - marks a shift of emphasis in the Government's attempt to get its message across. Last month, Ministers were asked to use every speaking engagement possible to emphasise that big wage claims could only lead to redundancies.

Now those responsible for assessing how Government policies are coming across to the public believe that they have had some success in getting the message about pay claims across and that they are more vulnerable to what they regard as an orchestrated attempt by the unions to whisk up hysteria about the public expenditure cuts.

Future of Clydebank plant being reviewed by Singer

BY RAY PERMAN IN NEW YORK

SINGER, the U.S. sewing machine group, is reviewing the future of its UK manufacturing plant at Clydebank which, it has warned, is at risk because of low productivity and a fear that 1980 orders will not meet projections.

Mr. Alex Fletcher, the Scottish Office Industry Minister, who is in the U.S. on a promotional tour, is to meet senior executives at the company headquarters in New York today to discuss the problems of the factory. The meeting was not part of the Minister's original programme.

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Volcker supports the dollar New Fed thrust will focus on supply of bank reserves

BY STEWART FLEMING IN NEW YORK

ON NOVEMBER 1, 1978, with the value of the dollar crumbling daily in terms of the world's leading currencies, the United States launched a sweeping support operation which included the mobilisation of up to \$30bn for foreign exchange intervention, a rise from 8½ to 9½ per cent in the Federal Reserve's discount rate, the imposition of a 2 per cent reserve requirement on certain bank liabilities and sales of gold.

The measures, announced by Mr. Paul Volcker, the new chairman of the Federal Reserve Board, on Saturday, appear to have some superficial similarities.

But on closer analysis the thrust of the new moves taken by the Fed is very different. This time the package is aimed at the fundamental causes of the dollar's weakness, an acceleration in the U.S. inflation rate to a level of over 13 per cent so far this year, and growing doubts about the will- ingness of the Carter adminis-

tration to attack that problem. The key to the new thrust of Federal Reserve Monetary policy is a sentence in the official statement which says that "for the time being (the Fed) will focus on supplies of bank reserves in trying to control the growth of the money supply instead of, as now, focusing on the federal funds interest rate."

The Federal funds market

Monetary policy is conducted on the basis that excessive growth in the supply of money fuels inflation. To curb excessive monetary growth the central bank sells securities in the money markets which should result in draining bank reserves from the financial system, making bank loans harder to obtain. Hitherto the Fed has undertaken these operations with a focus on the rate of interest in the market for bank reserves, the federal funds market. A

growing criticism of this method of controlling money has been that in focussing on the federal funds interest rate the Fed has tended to supply reserves too freely.

The supply of reserves

Thus when there has been a heavy demand for bank reserves, instead of letting the federal funds interest rate rise, the central bank has supplied the reserves in order to maintain its interest rate target.

It is this approach to managing the money supply which is being changed. For the time being the central bank is going to focus on the supply of reserves to the banks. It has not detailed how it will carry out these operations. For example it will doubtless take into account seasonal variations in demand for loans and therefore bank reserves.

But to some extent it plans to let interest rates rise or fall

more frequently to reflect changing money market conditions instead of trying to maintain a target federal funds interest rate to curb demand for money over the longer term.

In taking this action it is accepting that the structure of the financial markets has changed dramatically as a result of inflation and innovation by banks and so it must alter its management of monetary policy.

Thus banks will be less sure of the cost of their money in the days and weeks ahead, since other money market interest rates tend to move in step with the Fed funds rate. They will therefore have to be rather more cautious in their lending policies.

In addition to the change in the thrust of monetary management, the central bank is going to close to 300 of the largest banks to obtain funds for lending. In the 1970's banks have been relying increasingly on wholesale money—bought from the



Mr. William Miller money markets or big corporations—for funds to lend and less on the deposits of individual customers. Because of the nature of

wholesale money they can go out and attract it by raising interest rates to lenders with large sums to offer to the banks. (The banks find it much harder to increase their deposits from individual customers since interest rate ceilings prevent them paying over certain levels to smaller depositors.)

The Fed is seeking to curb the growth of wholesale deposits in a number of ways. It is imposing, for example, an 8 per cent reserve requirement on money big banks bring into the U.S. from the Eurodollar markets. That means that for every \$100 that the banks bring into the U.S., Federal Reserve member banks above a certain size will have to put \$8 on deposit with the Fed, money which will not earn interest. This raises the cost of these funds to the banks and should translate into higher lending costs.

Similar additional reserves will be applied to other wholesale funds. Large certificates of deposit, for example, currently

have a reserve requirement of between 3 and 6 per cent. Those with 8 per cent reserve requirements will now have to put aside 16 per cent reserves.

A vital qualification however is that these new and punitive reserve requirements on wholesale deposits will not apply to the existing \$340bn or so of funds in such accounts. It is only increased from this level which will be affected.

In addition banks with less than \$100m of such funds will be exempt—a move which the Fed hopes will discourage smaller banks who have been quitting Fed membership from resigning even faster. This would surely have happened if the new reserve requirements had then imposed on them.

U.S. branches and agencies of foreign banks will also be required to put up the reserves—the first time this has happened.

Just how far reaching will be the impact of these new moves depends on how aggressively the Fed moves to curb reserve crea-



President Carter tion and how the commercial banks react. The Fed has said that it expects its new policy to have a similar impact as its traditional methods of operating but in a much shorter time frame.

If the banks do not change their approach, or continue to bid aggressively for new funds to lend and their customers are prepared to pay the higher and higher borrowing costs, interest rates could rise to levels which will eventually curb loan demand. It seems likely that if such credit demands exist, they will spill over into the long term bond markets too, pushing up interest rates there as well in the short term money market.

The question mark over this has to be the ability of the Fed to push rates to levels which can evoke such a reaction without finding itself under fierce attack from Washington's political leaders.

The commitment of Mr. Carter and Congress to the new policy can only be judged in the coming months. But already there have been murmurings in Washington against higher interest rates and the damage they will do to the U.S. economy. The new package will raise interest rates even higher.

Complementary controls to dampen inflationary forces

THE FOLLOWING is part of the Press statement issued by the Federal Reserve Board and summarised by Mr. Paul Volcker, the Fed chairman, on Saturday evening.

The Federal Reserve today announced a series of complementary actions that should assure better control over the expansion of money and bank credit, help curb speculative excesses in financial, foreign exchange and commodity markets, and thereby serve to dampen inflationary forces.

- Actions taken are—
1. A 1 per cent increase in the discount rate, approved unanimously by the board, from 11 per cent to 12 per cent.
 2. Establishment of an 8 per cent marginal reserve

requirement on increases in "managed liabilities"—liabilities that have been actively used to finance rapid expansion in bank credit. This was also approved by the board.

3. A change in the method used to conduct monetary policy to support the objectives of containing growth in the monetary aggregates over the remainder of this year within the ranges previously adopted by the Federal Reserve. These ranges are consistent with moderate growth in the aggregates over the months ahead. This action involves placing greater emphasis in day-to-day operations on the supply of bank reserves and less emphasis on confining short-term

fluctuations in the federal funds rate. It was approved unanimously by the Federal Open Market Committee, which is comprised of all members of the Board of Governors and five of the 12 presidents of the Federal Reserve Banks.

In announcing these changes, the board issued the following statement:

"Inflation has continued at an exceptionally high rate over recent months. In part, the inflation rate reflects sharply rising energy prices, and those pressures should be subsiding in the months to come. However, appropriate restraint on the supply of money and credit is an essential part of any programme to achieve the needed reduction in inflationary momentum and in inflationary expectations. Such restraint should help to avoid new uncertainties about the outlook for prices and distortions in markets that could aggravate the process of economic adjustment that is under way. It will help to restore a stable base for financial, foreign exchange, and commodity pricing."

Under the provisions of the Humphrey-Hawkins Act, the Federal Reserve sets yearly targets for the monetary aggregates and bank credit, and reports these targets to the Congress. At mid-year, the targets for 1979, encompassing the period to the fourth quarter of 1979, were reviewed and re-affirmed at 11 to 14 per cent for M1, 5 to 8 per cent for M2, and 6

to 9 per cent for M3. These targets, after allowance for the smaller shift of demand deposits to automatic transfer service (ATS) and negotiable order of withdrawal (NOW) accounts still seem broadly appropriate.

ATS accounts are those where a bank will automatically transfer funds from a customer's deposit account to his current account to cover his cheques. NOW accounts, available mainly only in New England and New York allow a customer to write a cheque against his deposit account.

However, growth over recent months in these aggregates and in bank credit has been more rapid than is consistent with those targets, and, if unrestrained, would clearly be excessive in terms of our basic economic objectives.

Recent Federal Reserve actions, taking account of inevitable lags, should work to contain money and credit growths in the months immediately ahead, consistent with the targeted objectives. The actions announced today are designed to provide further assurance that those objectives will be reached.

The board also stressed that banks should avoid loan activity that supports speculative activity in gold, commodities, and foreign exchange markets.

The M1 target has assumed a shift of about 3 per cent of demand deposits to automatic transfer service accounts (ATS) and NOW accounts; that shift now appears to be about 1½ per cent, so that the equivalent adjusted target is 3 to 6 per cent for M1.

The commitment of Mr. Carter and Congress to the new policy can only be judged in the coming months. But already there have been murmurings in Washington against higher interest rates and the damage they will do to the U.S. economy. The new package will raise interest rates even higher.



Mr. Paul Volcker, the Federal Reserve Board chairman

OTHER OVERSEAS NEWS

Gang of Four go on trial soon, says Chairman Hua

BY OUR FOREIGN STAFF

THE "Gang of Four"—widely blamed by China's present moderate leadership for numerous crimes against the State—will be put on trial soon, Chairman Hua Guofeng said in Peking yesterday.

The Communist Party chairman told 35 European journalists that the "Gang," which was led by Jiang Qing, Mao Tse tung's widow, would be tried for crimes against the Chinese people. They do not face a death sentence, Chairman Hua said.

The "Gang of Four" was arrested almost exactly three years ago, just a month after Chairman Mao's death. They later accused of plotting to seize control of the Communist party and Government.

The Chinese leadership blames the "Gang" for civil

strife and economic turmoil throughout the past 15 years. Responsibility for most of China's present economic problems is heaped on them.

Chairman Hua assured correspondents that the four were well. Apart from Mao's widow, they comprise Zhang Chungzhang, Yao Weiyuan and Wang Huiwen. They have been held incommunicado since their arrest, but are understood to be in a prison east of Peking.

No indication was given of when the trial would open. Specific criminal charges have never been levelled at the four. But, stressing that China was introducing a new system of "socialist legality," Chairman Hua said: "The Gang of Four committed very grave crimes against the Chinese people, and these crimes will have to be

settled. They will, of course, be handed in the due process of law."

The National People's Congress (China's Parliament) recently adopted a new legal code, due to come into effect on the January 1. The "Gang of Four" is unlikely to appear on trial before this date.

Chairman Hua told one correspondent: "I can assure you that the 'Gang' will not be treated like they treated many of our cadres. They will not be sentenced to death, and I can tell you they now are alive and well-treated."

The Press conference was the second granted by Chairman Hua. It was intended to provide correspondents from Britain, France, Italy and West Germany with a briefing ahead of the



Chairman Hua Guofeng

Chairman's historic visit to Western Europe, starting on October 14.

Chairman Hua's only previous Press conference was in December last year, when the U.S. and China disclosed they were normalising diplomatic relations.

Caribbeans attack U.S. plan for task force

By Mohammed Hamaludin in Georgetown

THE LEFT-WING Governments of Grenada, Guyana, Jamaica, and Saint Lucia—four of the 12 members of the Caribbean Community (CARICOM)—have jointly criticised plans for an increased U.S. military presence in the area.

A joint communique issued at the weekend said no decision affecting the peoples of the Caribbean could be taken without proper consultation with the Governments of the region.

The communique expressed the desire and determination of the four Governments to preserve the Caribbean as a zone of peace free from Great Power rivalry.

U.S. President Jimmy Carter has announced plans to set up a Caribbean task force in Florida and increased surveillance of the area. This follows U.S. charges that there are Soviet combat troops in Cuba.

Smith rejects proposals

SALISBURY — Former Prime Minister Ian Smith yesterday rejected a British proposal for a constitutional settlement of the Zimbabwe Rhodesian guerrilla war because whites would lose control of the military and judiciary.

The British constitutional proposals provide for no white control of military or judicial officials. These appointments would be made by the president, acting on the instructions of the Prime Minister.

But Mr. Smith, saying he spoke for Rhodesia's whites, said it was "madness to tamper with security and law and order."

"The British are now asking us to accept a new set-up which will give any future Prime Minister virtual dictatorial powers in the appointment and dismissal of our security chiefs and our judiciary."

Mr. Smith said a Prime Minister could "go outside our country to Russia or one of its satellites" for a military chief.

Under the internal settlement Mr. Smith negotiated with blacks prior to April's black majority rule election, whites were given control of the

military and judiciary as well as veto power over constitutional changes and a larger representation in parliament than their population would entitle them to in a one-man, one-vote system.

The British constitutional proposals provide for no white control of military or judicial officials. These appointments would be made by the president, acting on the instructions of the Prime Minister.

"Clearly these things are unacceptable, and unless they are changed, these British proposals will be rejected by our parliament," Mr. Smith said.

But he made it clear he was not blaming his delegation for acceding to the plan, and said he might return to the peace talks.

Bishop Muzorewa in a Press conference in London on Friday said: "I think Mr. Smith still thinks he is fighting the battle of UDI with the British Government. He doesn't realise we have a new era. I think that is what is at the back of his mind. It's unfortunate."

He went on: "I can assure you that at home the majority of whites are going along with this understanding at the conference."

Although he was the only member of the delegation who voted against the plan, Mr. Smith said several blacks also opposed it because it could drive much-needed white skilled workers from Rhodesia.

"Nothing would make white people leave Rhodesia sooner than a breakdown in security and law-and-order and standards of impartiality in courts," Mr. Smith said.

However, he had no objections to new elections. He bitterly attacked the Conservative Government of Mrs. Margaret Thatcher. Her election had raised high hopes in Zimbabwe because of her party's pre-election pledge to lift sanctions if the April elections were found to be fair.

The terms offered by Mrs. Thatcher's Government "are worse than those from any previous British Government since our declaration of independence," Mr. Smith said.

Hong Kong wins assurance on future status

BY PHILIP BOWRING IN HONG KONG

CHINA HAS GIVEN its most specific assurance so far that Hong Kong's separate, capitalist status will continue for the foreseeable future.

Chairman Hua Guofeng said in Peking yesterday that a good way of settling the question of Hong Kong, Kowloon and the New Territories—the three constituent parts of the crown colony—could be found through consultations with Britain. He added that regardless of how the matter is settled,

"we will take notice of the interests of investors there."

The New Territories were leased to Britain until 1997 by China over 80 years ago. But China's Communist leadership has never recognised the lease. As the expiry date has neared, so there has been increasing concern inside Hong Kong that the colony's future be clarified.

Sir Murray MacLehose, the Governor of Hong Kong, made an extremely successful trip to Peking in April this year, in which he won assurances from

the Chinese leadership that the present capitalist nature of Hong Kong's economy would not be tampered with. Vice-premier Deng Xiaoping told Hong Kong's businessmen: "Let your hearts rest at ease."

Chairman Hua's remarks indicate that the Chinese are now beginning to think seriously about Hong Kong and are preparing the way for negotiations with Britain. The matter is certain to be raised during Chairman Hua's forthcoming visit to Britain, and it is widely

believed that Sir Murray MacLehose, the Governor of Hong Kong, would like to crown his decade of rule by arranging an accommodation with China on Hong Kong before his recently extended term of office expires in early 1982. The likelihood seems to be that sovereignty over Hong Kong seems likely to be handed back to China well before 1997.

Some diluted form of British administration is expected to continue, however, with the status quo being guaranteed for a specific minimum period.

Schmidt urges coal production

West Germany must break its dependence on foreign energy supplies by giving absolute priority to domestic coal production, Chancellor Helmut Schmidt said yesterday. Reuter reports. Nuclear energy was unavoidable, however, as a stop-gap until sufficient alternative sources were developed to free the country from its dependence on oil.

Tito plea

Yugoslav President-Tito at the weekend called for efforts to help the developing countries strengthen their economies as a method of halting world inflation. Reuter reports—

Speaking at his hunting lodge near Belgrade, the President told Mr. Jacques de Larosiere, the Managing Director of the International Monetary Fund (IMF), that strengthened economies would allow the developing nations to become equal trading partners with industrialised states.

Natural gas plant

The first industrial plant to use Ireland's reserves of natural gas was opened today with a warning from the Prime Minister that the experience in constructing the plant might make the State think twice in future about such undertakings. Brendan Keenan reports from Dublin.

Bomb defused

Security forces defused a car bomb on Saturday night behind the main mosque at Khorramshahr, the Gulf port town where three people died in a bazaar explosion last Friday, the official Pars news agency said in Tehran, according to Reuter.

Zambia crisis could affect talks

BY MICHAEL HOLMAN

ZAMBIA FACES a food crisis which could influence the Lancaster House talks on Rhodesia.

The weekend announcement in Pretoria that South Africa is to rush 200,000 tons of maize to Zambia (some four months' supply) in an effort to avert an impending shortage of this staple crop is the result of a disastrous harvest in 1978-79.

Maize meal is the main diet of the 5.5m Zambians, 40 per cent of whom live in towns and are dependent on supplies reaching the shops. Existing supplies could run out by the end of the year, which, given landlocked Zambia's meagre transport system, leaves little time to find a solution.

The development underlines the dilemma faced by President Kaunda. The ailing, copper-dependent economy requires

transport and supply links with the south. These links, however, may prove incompatible with all farmers, poor rains and a 40 per cent fall in beetrose planted (a reaction to low maize prices) caused a drastic fall from the usual 6-7m bags to some 2.5m bags.

With monthly consumption of half a million bags, and 1977-78 crop was expected to run out in July, 1979, and thereafter the country has been consuming the 1978-79 harvest—expected to last only until the end of this year.

Were the southern route to be cut—by political decision in Rhodesia, a breakdown in the Rhodesian administration, or in the course of the war—any calculation on which Zambia's slow path to economic recovery is charted would become meaningless.

for the November rain. In the event not only the fertilizer arrive too late to reach all farmers, poor rains and a 40 per cent fall in beetrose planted (a reaction to low maize prices) caused a drastic fall from the usual 6-7m bags to some 2.5m bags.

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Oxfam aid for Kampuchea

BY KATHRYN DAVIES IN SINGAPORE

OXFAM is successfully moving substantial amounts of food aid into Kampuchea at a time when UN aid efforts have been stalled by political debate over how aid to the stricken country should be administered.

A large size of a football field was due to leave Singapore yesterday laden with 1,500 tons of foodstuffs—including ground maize, wholemeal flour, sugar and rice. It should arrive at the Kampuchean port of Kompung Som in four days time.

Oxfam has been able to steal a march on other aid agencies by turning a blind eye to Western political demands that the official aid effort should be even-handed. Oxfam's aid will be distributed solely through the Kampuchean Government of Heng Samrin, which is backed by Vietnam. The overthrow of Pol Pot regime, which clings onto a number of splintered strongholds in western Kampuchea, will get none of the Oxfam aid.

Oxfam is confident that it can supervise the use-to which the aid is put—so confident that it was willing to promise Singapore stevedores that none of the aid would fall into the hands of Vietnamese soldiers.

NATO REACTS TO THE BREZHNEV INITIATIVE

West worries about a 'freeze'

BY GILES MERRITT IN BRUSSELS

THE NATO allies yesterday made it plain they would reject any Soviet proposal that might entail "freezing" the present arms balance in the Warsaw Pact's favour. NATO's carefully worded reaction, hurriedly agreed between the 15 member-countries of the alliance and issued from its Brussels headquarters, was in response to Mr. Leonid Brezhnev's weekend offer of a reduction in the Warsaw Pact's medium-range nuclear strike forces, providing NATO abandoned plans to modernise its own nuclear forces with Cruise missiles and the new Pershing II missile.

The question of equipping NATO forces with the mobile Cruise missile and with Pershing IIs, which can reach the USSR from forward positions and would replace the less powerful Pershing I, is to be decided when NATO defence Ministers meet in Brussels in December. The stern NATO reaction to Mr. Brezhnev's unilateral gesture to withdraw 20,000 men and 1,000 tanks from East Germany over the next 12 months — thus cutting troop strength there to an estimated

390,000 men and 5,000 tanks — and to his suggestion of mutual cuts on nuclear weapons, reflects the Western alliance's growing concern at the build-up of overall Warsaw Pact strength in recent years. Dr. Henry Kissinger, former U.S. Secretary of State, warned a Brussels conference on the future of NATO that within five years, the alliance would find itself at a three-to-one disadvantage in terms of nuclear weapons; in conventional forces, that figure would be four to one.

While the Soviet decision to reduce troop levels slightly appears a concession, NATO officials say it must be put in the context of the latest round of Mutual and Balanced Force Reduction (MBFR) talks, which are stalled over disagreement on existing military strength. The Warsaw Pact claims to have 805,000 men stationed in East Germany, Poland, and Czechoslovakia, while NATO insists that the troop level in these three "reduction areas" is in fact 960,000.

Offer may aid arms pact

BY OUR WASHINGTON STAFF

PRESIDENT BREZHNEV'S offer of limited troop withdrawal from East Germany could help passage of the SALT II treaty through the U.S. Senate, according to Senator Henry Jackson, a hard-line critic of the arms pact. Senator Jackson, a leading opponent of the treaty as at present drafted and the supporter of wide-ranging amendments to the arms pact, said

it was still too early to gauge the reaction of the whole Senate, which would first want to examine the practical impact of the Soviet move on the European power balance. But he suggested it could have an important political and psychological impact on the Senate, which has been largely unimpressed by President Carter's response to the Soviet refusal to withdraw or disband its troops in Cuba.

Pope urges 'reduction of military arsenals'

By David Suchan in Washington

THOUSANDS poured on to Washington's Mall yesterday for an open-air mass to be celebrated by Pope John Paul II on the last day of his tumultuous six-city American tour. The Pope became the first Pontiff to be officially received by a U.S. President, when President Carter welcomed him to the White House on Saturday in a ceremony which Mr. Carter opened with a carefully rehearsed remark in Polish — "Nieszczęście Bogu pochwalony — May God be praised."

The Pope's message to the assembled throng on the White House lawn — Cabinet officers, Supreme Court Justices, Senate and Congressional leaders and other notable — was, as elsewhere, largely spiritual. But he also gave it a political twist, apparently endorsing the SALT-II treaty which is in trouble in the U.S. Senate.

"Since it is one of the greatest nations on earth," the Pope said, "the U.S. plays a particularly important part in the quest for greater security in the world and for closer international collaboration. With all my heart, I hope there will be no relaxing of its efforts both to reduce the risk of a fatal and disastrous world-wide conflagration and to secure a prudent and progressive reduction of the destructive capacity of military arsenals."

President Carter, for his part, stressed the Pope's devotion to the enhancement of human rights throughout the world — a concern which the Carter Administration feels it has made an important priority in U.S. policy, too.

The Pope's presence at the White House was a sign that the long-held notion that U.S. national politicians could not risk publicly courting the Catholic Church too closely has finally been laid to rest.

Fifty years ago, the Catholicism of Mr. Al Smith spelled disaster for him as a Presidential candidate. Thirty years later, John Kennedy played down his catholicism, narrowly to win the Presidency.

New organisation to boost British exports to Africa

BY FRANK GRAY

A TRADE group called the Britain-Africa Trade Organisation (BATO) has been established in Glasgow to promote British exports to Africa. The main purpose of BATO is to help Britain improve its share of the African export market against such new competing options as West Germany, Japan and the encroaching Eastern bloc. Mr. Kofi Asiedu, the organisation's General Director, said at the weekend. A native of Ghana, Mr. Asiedu said the organisation was set up by some 40 Africans who had studied in Glasgow

and who were resident there. It will announce details of the first stage of its Buy British campaign on October 11 at a ceremony, to be launched by Mr. David Hodge, the Lord Provost of Glasgow, and Mr. Teddy Taylor, a BATO patron and former Conservative MP for Cathcart. At the outset, it will act as an information centre for both British and African export import interests. It planned to further its trade efforts in the new year through the appointment of promotional representatives in the various African countries. For organisational

purposes, it will divide Africa into three regions — north and northeast, West Africa and east, central and southern Africa. Ocean Inchcape has been awarded a five-year contract to provide marine services for Petrangol of Anzola. The contract involves provision of a range of supervisory and maintenance services in support of tanker loading operations at the Otiluquena terminal on the Congo river. The company is already carrying out similar contracts for the Nigerian National Petroleum Corporation, and for Shell in Nigeria.

SHIPPING REPORT

Weakness shows in many areas

BY WILLIAM HALL

THE RECENT upturn in tanker rates came to a halt last week and brokers report signs of weakness in virtually all the main trading areas.

Shippers, E. A. Gibson, note that in the main loading area of the Gulf there is still a considerable quantity of tonnage (they reckon 14.5m tons) seeking work for the remainder of October. Of this total, very large crude carriers (VLCCs) account for 8.9m tons and ultra large crude carriers (ULCCs) for 2.8m tons.

Early last week an independent charterer organised his requirement for 400,000 tons for Western discharge at Worldscale 40. After an almost total absence for several months Japanese Charterers have been particularly active. A 265,000 dwt vessel was

reported to have obtained Worldscale 49 for a trip to Japan. There was not much business concluded out of Indonesia but a 120,000 tonner was fixed at Worldscale 85 for U.S. West Coast discharge and a smaller cargo of 56,000 tons obtained Worldscale 200 for a similar destination.

The Mediterranean and West African markets were sluggish as was the Caribbean. Typical of the sort of rates being secured in the latter area was Worldscale 250 for a 54,000 tonner for a voyage from East Coast Mexico to the U.S. Gulf.

Given the volatility of the spot market over the last few months many charterers have been seeking the security of period cover notwithstanding the political turmoil and the unpredictability of oil supplies. Last week was no exception and the market was described by brokers as "extremely active." A 250,000 tonner was chartered for 12 months at a reported rate of \$1.50 and a 115,000 tonner for 3 years at \$3.25.

In the dry cargo markets one of the main points of interest last week was the resumption of chartering from the Great Lakes following the ending of the 11 week strike at the ports of Duluth-Superior. The rate for a mid-October vessel was fixed at \$3.85. Even with the strike ended it will be difficult for the grain merchant to move the backlog of grain before the season ends in December and there is likely to be increased demand for tonnage.

Egypt puts its diverse military might on show

BY ROGER MATTHEWS IN CAIRO

EGYPT laid on its largest ever display of military strength at the weekend to mark the sixth anniversary of the 1973 war with Israel. The aim of the parade, the first since the peace treaty with Israel was signed, was not a show of muscle said General Kamal Hassan Ali, the Defence Minister, but to demonstrate that Egypt was fully armed to defend liberty.

It also revealed the extraordinary diversity of Egypt's arms supplies with equipment from the Soviet Union, China, France, Britain and the United States. The first fruits of Egypt's U.S.\$1.5bn arms deal with the U.S. were represented by Phantom F4 fighter bombers and armoured personnel carriers, while Chinese F-6 Shenyang fighters also made their first appearance.

Preparations for the parade had been marred when two aircraft, believed to be transport planes or light bombers, collided

west of the Giza Pyramids, killing at least 10 crew. No official announcement has been made and most of the people attending Saturday's parade were unaware of the accident.

President Anwar Sadat, wearing a Field Marshal's uniform, took the salute at the parade which was also remarkable for the almost total absence of Arab representation.

Egyptian military sources stressed that one of the purposes of the parade was to emphasise that the shortage of spares for the still mainly Soviet-equipped forces has been largely overcome. But despite continued official denials that the Soviet Union has resumed some spares shipments it is clear that there is no embargo on trading with the Russians. Cairo newspapers reported yesterday that 1,000 tonnes of frozen fish had just been imported from the Soviet Union.

PLO states conditions for Lebanon ceasefire

BY IHSAN HIJAZI IN BEIRUT

THE PALESTINE Liberation Organisation has explained that the ceasefire it has agreed, applies strictly to Southern Lebanon and did not mean the Palestinian guerrillas were abandoning the struggle against Israel altogether or demobilising.

The explanation went to Palestinian fighters in the field, who were at the same time instructed to abide by the ceasefire, according to Palestinian officials.

The directive was included in a circular signed by the leadership headed by Mr. Yasir Arafat.

The PLO's decision to reaffirm its adherence to the truce in southern Lebanon which followed talks here last week between Mr. Arafat and the American civil rights leader Jesse Jackson, apparently caused some confusion in Palestinian ranks and prompted opposition from hardliners and Marxists in

the guerrilla movement. The ceasefire is intended to create a better climate for American civil rights leaders to get the U.S. administration to start a dialogue with the PLO. However, western diplomatic sources here have made it clear that President Carter will continue to insist on a clear-cut declaration by the PLO recognising Israeli rights to exist as implied in security council resolution 242 of 1967, something the PLO is not ready to do now.

Informed observers have pointed out the Ceasefire reaffirmation was already part of PLO policy to help relax the situation in Lebanon.

The truce was originally arranged by the United Nations at the beginning of last month, after which Mr. Arafat had a meeting with President Alias Sarkis and agreed to assist in the deployment of Lebanese regular army units

OK Westminster, you win.

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UK NEWS

Supply problems hit sales of Ford Fiesta

By Kenneth Gooding, Motor Industry Correspondent

THE FIESTA, Ford's successful small car, dropped out of the top 10 best-sellers in Britain during September, giving a stark illustration of the group's difficulty in matching supply with demand.

Table with columns for Year (1979, 1978), Total UK produced, Total imported, Total market, and various car models like Ford, PSA-Chrysler, Opel, etc.

U.K. CAR REGISTRATIONS

Table showing car registrations for September 1979 and 1978, with columns for 1979, 1978, and percentage change.

As expected, September new car sales were well down on the same month last year. Society of Motor Manufacturers and Traders' statistics released today show registrations in September down 10.8 per cent on September last year.

ports accounted for 55.8 per cent of the total against 49.6 per cent last year. There has been a Europe-wide shortage of Fiestas since the Iranian revolution shifted demand towards small cars.

new Cortina was delayed until September 13, the model took top place in the UK top 10 as usual in the month with 8,600 registrations. Others in the list were Ford Escort, 7,889; Austin Morris Mini, 6,945; Morris Marina, 4,491; Austin Allegro, 4,093; Vauxhall Cavalier, 3,582; Vauxhall Chevette, 3,473; Ford Capri, 3,436; Ford Granada, 3,189 and Austin Morris Princess, 2,470.

Lloyd's faces injunction for £10.85m

By John Moore

FEDERAL LEASING OF THE US - the computer-leasing concern which is suing Lloyd's of London underwriting syndicate for £828m (£285m) - is seeking a preliminary injunction for payment of \$24.6m (£10.85m) in insurance claims.

In a 73-page motion and memorandum for the injunction, together with affidavits and exhibits relating to the computer leasing - the computer leasing company's lawyers warn that, unless the company receives immediate payment due under the Lloyd's policies, "it will cease to exist and will lose the ability to prosecute its claims at all."

Federal is seeking recovery of its insurance to discharge its obligations to the banks and other financial groups which staked its leasing operations. Like many leasing companies, Federal used its Lloyd's computer policy as collateral for loans, often with major U.S. financial institutions.

The computer leasing policy protected leasing companies against their customers terminating their leases before the contract date. If they did, the leasing company could claim on its insurance and cover its obligations to its financial backers.

When IBM models came onto the market rapidly last year, leasing companies found that their customers traded in their existing models earlier than the contract date. So the leasing companies claimed on their insurance.

Computer leasing insurance losses are likely to be the largest that Lloyd's has experienced. Some 14,000 claims have flooded into the market and underwriters have been advised by a working party to reserve \$25m for future losses.

Federal is seeking \$23.6m to cover its obligations with backers. They are Kirchner Moore and Co.; First National Bank of North East; Barnett Leasing Company; Chemical Bank; Wilmington Trust Company; Bank of California; Suburban Trust; Fedleasco; First National Bank of Maryland; Bank of Lincolnwood; Bank of California.

Some of these backers are suing Federal for payment of its obligations; and the Bank of Lincolnwood has obtained a judgment in the U.S. District Court for the northern district of Illinois for \$476,621 which it is seeking to collect from Federal.

Lloyd's underwriters have counterclaimed against Federal, alleging that Federal "misrepresented or omitted to advise underwriters of certain material facts in connection with the particular risks insured."

They have argued that certain provisional payments made to Federal by its underwriters exceeded the amounts that underwriters should have paid.

Mason doubt on Irish appointment

By Our Dublin Correspondent

MR. ROY MASON, the former Ulster Secretary, has expressed reservations about the appointment of Sir Maurice Oldfield, former head of the Government's Counter Intelligence Services as security co-ordinator in Northern Ireland.

Interposed on Irish Radio, he expressed his fears that the appointment of Sir Maurice, who takes up his post today, could reduce the role of the Secretary of State.

He had been worried that Mr. Humphrey Atkins, the present Secretary of State, might have been losing control of the situation in his first months of office.

In an apparent reference to reported Army discontent about the Ulster situation, Mr. Mason said he had been concerned about "the general sticking his head above the parapet."

Mr. Mason did not see much scope for further under-cover work of the kind to which Sir Maurice's background had accustomed him. The Special Air Services were already operating in every part of Ulster and it was ridiculous to imagine one would have a spy in every village.

Mr. Mason said he was not surprised the Provisional IRA had rejected the Pope's appeal for an end to violence. The IRA's objective was a military takeover in Ulster, after which it would turn its attentions to the Republic of Ireland.

Meanwhile, Irish Ministers are remaining secretive about the security measures agreed at last week's ministerial meeting in London.

British worker pays more tax

By David Freud

THE AVERAGE British production worker still pays much more income tax than equivalent workers in West Germany and France, in spite of the switch from direct to indirect tax in the Budget.

But they are not denying reports that the most visible of these measures will be the right of helicopter or aircraft to cross the border for a limited distance in both directions, to keep suspects under observation.

average production worker in the UK with two children aged under 11 now pays 18.2 per cent of his £4,940 annual wages in income tax.

This compares with a rate of 20.2 per cent before the June Budget, which raised allowances and altered the standard rate of income tax from 33 per cent to 30 per cent.

Economic group seeks law reforms

CONSTITUTIONAL CHANGES and other reforms are among a series of measures called for in an Institute of Economic Affairs booklet so as to reduce the size and influence of government.

In the booklet, entitled "The Taming of Government," six economists conclude that government economic policy cannot be left to the politicians and bureaucrats. One of their demands is a reduced role for the Treasury.

Professor Stephen Littlechild argues that the massive growth of government in post-war years "has self-evidently not solved Britain's problems, but rather exacerbated them." He believes it is necessary to design a constitution to protect government against political pressure. The same point is made by Professor Charles K. Rowley. "The Taming of Government," IEA Readings, 21, £3.

CITY OF COPENHAGEN Swiss Francs 60,000,000 5% External Loan 1974/83

Notice is hereby given that a Drawing of Bonds of the above Loan took place at the offices of Morgan Grenfell & Co. Limited on 25th September 1979 attended by Mr. Richard Graham Rosser of the firm of De Pina, Scaras & John Venk.

Large table listing bond numbers and names for the City of Copenhagen Swiss Francs 60,000,000 5% External Loan 1974/83. Includes columns for bond numbers and names of bondholders.

THE HEART OF POLYESTER ARE OUR SHIPS...



Does it seem far-fetched that the great navies and merchant fleets of the world will one day be moulded in plastics?

Yet parts of them are today. Smaller craft, it's true, such as minehunters, work boats and submersibles. Yet there they are, hulls and superstructures sailing the seas, rivers and harbours of the world, moulded with the help of Cellobond polyester resins,

specialy developed by BP Chemicals. Next—a through-deck cruiser like

this in plastics? What seems incredible today may be only just over the horizon.

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founders of the European petrochemicals industry. Our direct access to the raw materials from within the BP Group provides security of supply. This, together with our continuing investment in resources, service and product range, ensures that we continue to meet the needs of industry today, and the demands of the world tomorrow.

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BP chemicals-making it all happen

UK NEWS

LABOUR

Farmers may split CBI conference

By JOHN ELLIOTT, INDUSTRIAL EDITOR

AN ATTACK on the Government's attitude to the level of the pound will be spearheaded by the National Farmers' Union during the opening session of the Confederation of British Industry's annual conference early next month.

A strongly worded resolution submitted by the NFU will spark what could turn out to be a controversial debate, splitting the conference between those who have been hit by the high level of sterling and those who believe that the Government should be given full backing by industrialists.

Realistic

Its resolution calls on the Government to "create conditions based on a realistic exchange rate which enabled the competitiveness of export and import-saving industries to be improved, and their full benefit to the national economy to be achieved."

Although resolutions carried at the conference do not automatically become CBI policy, the organisation's leaders would not be able to stay silent on the issue if the NFU's stance receives substantial support.

the CBI's third annual conference and some industrialists may still be shy of speaking out at such events.

Persuaded

This is not part of the CBI's policy, partly because most employers were persuaded by their unions to sign voluntary deals when the Industrial Relations Act provided for legal enforcement between 1971 and 1974.

Other labour issues covered by the debates will include the CBI's proposed strike insurance plans and the law on closed shops.

The conference takes place in Birmingham town hall on November 5 and 6 and is to be attended by more than 1,200 representatives of CBI member companies.

THE CONFEDERATION of British Industry's London headquarters has been put on the market with a price tag of \$44 for a 125-year lease, plus a minimum annual rent of £150,000, writes John Elliott.

This follows the CBI decision to move from its headquarters in Tot Hill Street, Westminster, to Centre Point, the controversial office block at the junction of Tottenham Court Road and Oxford Street.

The CBI owns the freehold on the Tot Hill Street building. The sale of the lease, which is being handed by Jones Lang Wootton, will be by tender, with a closing date of January 9, 1980.

A spokesman for the company, which plans to phase the cuts in two stages—next month and in March—said talks would be held with the unions before any moves were made.

Hygena tells workers 295 must lose jobs

HYGENA, THE kitchen furniture manufacturer, is to cut the workforce at its factory on the Kirkby industrial estate on North Merseyside by a third because of falling business.

A total of 295 voluntary redundancies are being sought from among the 900 employees. They will include administrative staff as well as shop floor workers. Shop stewards at the Kirkby factory, which employed 2,000 three years ago said this week-end they would fight the decision which had come "like a bolt from the blue" without prior consultation.

Mr. Cryer will deliver this warning to an open forum, sponsored by Westminster City Council, at Caxton Hall on October 15.

The forum, which is being organised with the co-operation of the Greater London Council, the police and London Transport, will attempt to shape an overall strategy to suit the needs of London in the 1980s.

Mr. Cryer will discuss the problem of illegal parking in central London, linked with a decrease in police resources to deal with it.

The House of Lords, otherwise, he writes, it may be abolished in line with the Labour Party's election manifesto. Mr. Johnson writes that this may be the last chance to secure an authoritative second chamber and curb the "false notion" of the sovereignty of the Commons.

EXPERTS INVESTIGATING the redevelopment of the British Steel Shelton steelworks site at Stoke-on-Trent say almost 2,000 jobs could be provided if a

Pay rises 'boosted earnings by 14%'

SPECIAL PAY rises awarded by employers during the last pay round to top up earlier settlements have helped boost the total increase in earnings for the round to 14 to 16 per cent, writes John Elliott.

This is forecast today by the Confederation of British Industry's pay data bank. Its figures are broadly in line with Department of Employment statistics which have shown that earnings rose at an underlying rate of 15 to 15 per cent in the pay round to July.

A tendency for settlements to be higher at the end of the round than at the beginning encouraged some employers who settled early to top up their pay awards, says the CBI in its Members Bulletin, published today.

Negotiations

The CBI also says that productivity agreements, which were expected to add a per cent to earnings, were considerably more widespread at the beginning than at the end of the round. This was because they were seen as a means of paying more than the per cent usually when the men Labour Government launched the year's pay negotiations.

The weighted average of all private company settlements notified to the CBI during the round was 11.5 per cent. It was told of 1,513 settlements covering 10.3m employees. Private sector national agreements averaged 11.8 per cent while wage council settlements averaged 19.3 per cent.

Bid to end television black-out

A FLAN which union officials hope can solve the eight-week-old ITV dispute, is to be presented to management today. Mr. Alan Sapper, general secretary of the Association of Cinematograph, Television and Allied Technicians, said last week that he had a plan to put forward at today's talks with the companies.

The three unions involved met last week to consider the overwhelming rejection by their members of the latest management offer, said to be worth 39 per cent over two years.

NUT opposes Bromley reorganisation

THE NATIONAL Union of Teachers is trying to stop the Bromley local education authority from proceeding with secret reorganisation plans, due for discussion by its secondary schools subcommittee today.

The NUT suspects that the authority intends to weaken the outer London borough's comprehensive schools by adding to the five grammar schools still existing in the area.

Because teachers have not been consulted about the plans, the union has declared a collective dispute with the Bromley authority.

GEC strikers to meet

SHOP STEWARDS at the GEC English Electric domestic appliances factory in Liverpool have called a mass meeting tomorrow of the 1,500 workers who have been on strike for 15 weeks over a pay claim.

Differentials pledge sought in Times talks today

By ALAN PIKE, LABOUR CORRESPONDENT

NATIONAL GRAPHICAL Association officials will seek assurances today from Times Newspapers management that their members' traditional pay differentials will not be reduced as a result of agreement with other employees.

Much may depend upon the outcome of this meeting. It will be followed later in the day by talks between Times Newspapers management and representatives of the International Thomson Organisation, its parent company, to review the state of the long and difficult negotiations to republish the suspended Times titles.

Times Newspapers has said that time is rapidly running out if permanent closure of the publications, suspended for more than 10 months, is to be avoided.

Vital union decision on BL this week

By ARTHUR SMITH, MIDLANDS CORRESPONDENT

UNION LEADERS must decide this week whether to resist company plans to make 25,000 workers redundant.

The executive of the Confederation of Shipbuilding and Engineering Unions pulled back from confrontation on Friday. It issued a joint statement with the management about the need to make the company "commercially competitive," a statement which Sir Michael Edwards, the BL chairman, said gave him the "amber light" to press ahead with his strategy.

Mr. Todd Sullivan, secretary of the emergency committee set up by the confederation to deal with the BL crisis, said last night: "The fight will go on."

A mass demonstration of BL workers would be held in London tomorrow, at which shop stewards would be urged to persuade workers not to accept redundancy terms, but to resist plant closures and the transfer of work.

"Our first task is to make the men on the shop floor realise that the golden handshake of redundancy will not last, and that there are no alternative jobs available outside BL."

Mr. Sullivan is national officer for the white-collar section of the TGWU, which has pledged official support for workers who fight the rationalisation moves.

The full executive of the confederation meets on Thursday to decide whether to back such outright opposition.

In the joint statement on Friday the confederation merely said that the proposed redundancies and plant closures caused unions and work force "grave concern."

Some union leaders undoubtedly fear that official support for the resistance could provoke a crisis leading to a more rapid run-down.

whelmingly adopted a resolution that "negotiations for new parity agreements shall commence immediately in accordance with the return-to-work formula."

The management will be anxious to establish precisely what the resolution means. NGA members accepted return-to-work proposals last month and at that stage intended to negotiate full new operating agreements, bringing higher rates of pay, after resumption of publication.

Last week, however, an agreement was reached between Times Newspaper and the Sunday Times Machine Chapel of the National Society of Operative Printers, Graphical and Media Personnel, which Mr. Reg Brady, the NATSOPA group's leader, said would create the highest-paid machine-room chapel in Fleet Street.

This has made the higher-paid NGA machine-minders worried about their differentials. Times Newspapers is concerned that if the NGA wants

negotiations on new operating agreements immediately, these talks may not be completed before the planned resumption of publication, likely to be next month if other outstanding issues are resolved.

It is possible that the NGA will settle for something short of complete new agreements at this stage. But Mr. Dixon said yesterday: "We have to get a general understanding. If we can't come to a general understanding we may as well wrap everything up now."

Mr. Dixon and Mr. Joe Wade, NGA general secretary, will be at an international conference in Sweden today, but Mr. Dixon is ready to return to London at short notice if necessary.

Apart from the NGA problem Times Newspapers' most difficult unresolved negotiations are with the Sunday Times NATSOPA clerical chapel.

These resume today in an atmosphere of reasonable optimism.

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UK MY AT

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LOMBARD

The urgency of a monetary plan

BY SAMUEL BRITTON

THE FIASCO of the Engineering Employers' defeat underlines the urgency of a medium term monetary plan... effect is all too likely to be on output and employment.

Borrowing

If the money supply is to grow at a relatively non-inflationary rate in four years' time, public sector borrowing will have to fall to a very modest proportion of the national product... Another source of attack is to ask what effect a monetary plan will have on the inflationary expectations of shop floor leaders.

Overliterate

The chief weapon of the anti-monetarists is now overliterate. The case for a medium-term plan does not depend on there being exact fulfilment of the figures for later years... The point of a monetary plan is to indicate for all to see that monetary growth will be on a declining path.

Royal Commission: expensive and ineffective

ALL ROYAL Commissions are unnecessary, but some Royal Commissions are unnecessary and costlier than others. The estimated total expenditure of the Royal Commission of Legal Services is £1,245,000...

THE WEEK IN THE COURTS

BY JUSTINIAN

of chapter 2, we are informed that "at present there are too many people whose rights, for want of legal advice and assistance, go by default."

Three Troikas lands Arc with Troy in third place

IN WARM and humid conditions in Paris yesterday, Three Troikas stroled away with the Prix de l'Arc de Triomphe...

RACING

BY DOMINIC WIGAN

the former champion, Freddy. To add to the family picture, the winner is owned by Mne. Alec Head, whose husband did so well in this race.

WHERE DO TOP BANKERS MEET EACH MONTH?

in THE BANKER OUT NOW THE OCTOBER ISSUE

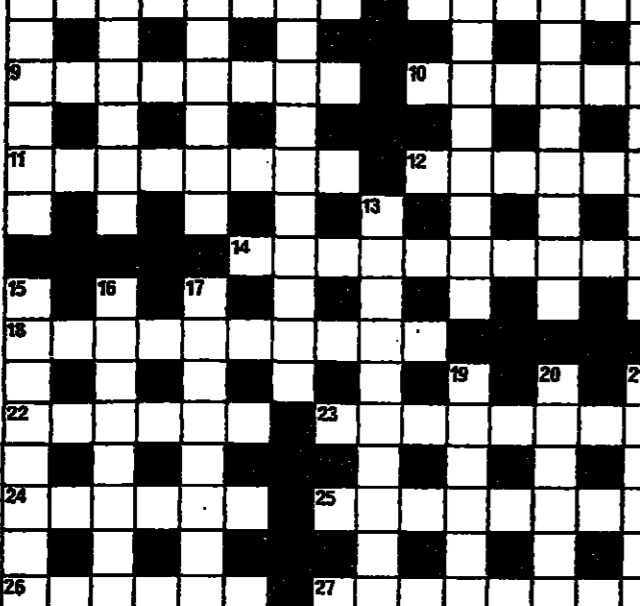
- * The independence of central banks. * Lessons from sterling's dirty floating. * Issues behind the US-German bid for Euro-market controls. * The tangled web of US banking legislation. * Keynes re-interpreted on inflation. * The role of financial futures. * Why Hong Kong bank profits are up. * The Fed plugs in to exchange rate talks. * How much capital banks should have.

Commission's recommendation that legal aid should be granted to enable lawyers to be engaged as advocates before industrial tribunals... Commission's recommendation that legal aid should be granted to enable lawyers to be engaged as advocates before industrial tribunals.

TV/Radio

BBC 1
+ Indicates programme in black and white
6.40-7.55 am Open University (Ultra High Frequency only) 9.00 For Schools, Colleges, 11.25 You and Me, 11.40 For Schools, Colleges, 12.45 pm News, 1.00 Pebble Mill at One, 1.45 Fingerposts, 2.01 For Schools, Colleges, 3.15 Songs of Praise from Newry, Co. Down, 3.35 Regional News for England (except London), 3.55 Play School (as BBC2 11.00 am), 4.20 Lippy Lion, 4.25

F.T. CROSSWORD PUZZLE No. 4,093



ACROSS
1 If you watch the clock, you won't make progress (4, 4)
5 Ginger-beer mixed with beer in Syria (6)
9 Early period, shows one in a coach (5, 3)
10 Here we find our House in Paris (6)
11 One short drink in the exam that's eccentric (8)
12 What the green reader must spot if he wants the right line (6)
14 Musical term awards a place to the officer (5, 5)
18 May save a libel action with regard to drawing (10)
22 Country dance could be for all (6)
23 Urge to sow aubergine (3-5)
24 The girl in the network (6)
25 Fight for a plug about Buenos Aires (2, 6)
26 Artist in pledge for parking place (6)
27 He went to fetch his wife from Paris (6)

BBC 2

7.20-7.55 am Open University, 10.05 Role of the Nurse, 10.30 Working for Safety, 11.00 Play School, 2.05 pm Roadshow Info, 2.15 Let's Go.

RADIO 1

5.00 am News Summary, 5.03 Tony Brandon (s), 7.28 Terry Wogan (s), 8.03 Jimmy Young (s), 8.30 Wagoners' Walk, 12.30 Pats Murray's Open House (s), 2.15 David Hamilton (s), 4.15 Mike Read (s), 5.35 Wagoners' Walk, 5.50 Wagoners' Walk, 5.52 John Dunn (s), 6.45 Sports Desk, 7.02 Mike Read (s), 7.20 Alan Dell with the Dance Band Days and at 8.02 The Big Band Sound (s), 8.02 Humphrey Lyttton with the Big Band of Jazz on records (s), 8.55 Sports Desk, 10.02 Tony and Country, 10.30 Star Sound, 11.02 Brian Matthew with Round Midnight, including 12.00 News, 2.02-5.00 am You and the Night and the Music (s).

RADIO 2

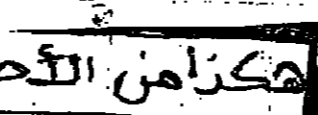
5.00 am News Summary, 5.03 Tony Brandon (s), 7.28 Terry Wogan (s), 8.03 Jimmy Young (s), 8.30 Wagoners' Walk, 12.30 Pats Murray's Open House (s), 2.15 David Hamilton (s), 4.15 Mike Read (s), 5.35 Wagoners' Walk, 5.50 Wagoners' Walk, 5.52 John Dunn (s), 6.45 Sports Desk, 7.02 Mike Read (s), 7.20 Alan Dell with the Dance Band Days and at 8.02 The Big Band Sound (s), 8.02 Humphrey Lyttton with the Big Band of Jazz on records (s), 8.55 Sports Desk, 10.02 Tony and Country, 10.30 Star Sound, 11.02 Brian Matthew with Round Midnight, including 12.00 News, 2.02-5.00 am You and the Night and the Music (s).

RADIO 4

8.00 am News Briefing, 8.10 Farming, 8.25 Shipping forecast, 8.30 Today, including 8.45 Prayer for the

ENTERTAINMENT GUIDE

OPERA & BALLET
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CLASSIC CINEMA, 210 6811



Wigmore Hall

Nash Ensemble

by DAVID MURRAY

The Nash Ensemble's Wigmore concerts this season form a substantial portion of the Fauré celebrations...

Theatre Upstairs

Sus by B. A. YOUNG

The transfer of this piece from the Soho-Poly is timely, when questions are being asked about the propriety of police powers of arrest on suspicion...

Delroy, an unemployed Liverpool-born black, has been brought in on suspicion of having killed his wife by an amateur abortion with a screwdriver...



Paul Barber



A scene from 'An Actor's Revenge'

Old Vic

An Actor's Revenge by ARTHUR JACOBS

The English Music Theatre, which the Arts Council scandalously proposes to allow to die, presented on Friday the first performance of An Actor's Revenge by Minoru Miki...

Snape Matings

Benson and Hedges Gold Award

by ELIZABETH FORBES

The Benson and Hedges Gold Award for concert singers, the annual of which took place on Saturday night at Snape Matings, was won by Canadian mezzo-soprano Catherine Robin...

Festival Hall/Radio 3

Stravinsky Festival by ANDREW CLEMENTS

Whether or not a festival is the most effective way of celebrating the most comprehensive genius of 20th-century music, on Friday evening David Atherton and the London Symphony Orchestra began the Stravinsky Festival...

were closely integrated under the skilful stage direction of Colin Graham, whose production of Curlew River and the other church parables of Britten had already shown an awareness of Japanese theatre...

of the melody quite beautifully. Roger Vignoles, her excellent pianist, revelled in the bouncy accompaniment. Miss Shirai, whose voice is smooth and full in timbre and of considerable power, did not communicate much emotion in two Schubert songs...

enough (Stravinsky himself could not always remember where Chaikovsky ended and his own music began) but the sound is brittle and Stravinsky's, though the Bolshoi's more harmonious of 'None but the Lonely Heart' takes a little getting used to...

Olivier

Richard III

by B. A. YOUNG

Richard's shadow, portentously cast on the metallic wall of Ralph Koltai's massive design, bodes something more awesome than the sight of John Wood's Richard...

Nothing is serious to him: with such belief in his impending successes he can afford to mock everything. When Lady Anne uncovers the body of Henry VI, Richard dabs a forefinger into the bloodstains and tastes the flavour of his victim...

It is a most interesting performance, and if it is not a great one this may well be because Mr. Wood has deliberately chosen to play Richard as a lightweight. I have not heard him speak verse before, and his voice reveals much flexibility over a long range...

Somerset House

Pictures for Venice

by B. A. YOUNG

The Bolla Award Exhibition at Somerset House, to be opened today by Lady Howe, wife of the Chancellor of the Exchequer, consists of 180 paintings and drawings of Venice by Charles Mozley...

On Thursday, October 11, there will be an auction of the pictures in aid of the Venice in Peril Fund. The Bolla Award is given annually by the house of Bolla, the noted producers of Veneto wines...

Harveys launch Irish theatre awards scheme

Harveys of Bristol are to sponsor a series of awards for professional theatre in Ireland. The awards, which will be known as the Harveys of Bristol Irish Theatre Awards, will be presented in recognition of outstanding performances in Irish theatre between September 1979 and May 1980.

TENNIS BY JOHN BARRETT

Character squeezed out of game

ONE OF the charges levelled at the modern game is that the relentless pursuit of prize money and computer points has produced a dullness of performance. The very professionalism and efficiency of the successful players, so the argument runs, has eliminated the artist and killed flare.

Put another way, the game's critics complain that today there are no "characters"—although Nastase and McEnroe make this line of approach harder to substantiate.

page into Wimbledon's rich history. To the game's new fans these heroic scores from yesterday must seem rather strange. Today neither of these matches would be possible because of the tie-break I believe that this more than anything else is responsible for robbing us of the excitement that the game's inventors so cleverly built into the scoring system with its succession of climaxes from games to sets and sets to matches.

Of course the one-court events, like those held indoors at Wembley and the Royal Albert Hall, could not survive without the tie-break. There simply would not be time to complete the matches. But at the great championships like the French Open, Wimbledon and the U.S. Open, where there is ample time and sufficient courts to complete matters without undue pressure, I believe that the tie-break has devalued our great sport.

RUGBY UNION BY PETER ROBBINS

Romania lose with dignity

GIVEN THE present furore in rugby, it is mildly ironic that two teams from totally different régimes, Romania and South Africa, should be touring Britain at present.

Their simultaneous presence seems to endorse the view that, although sport and politics are bound to mix, there are no means such a thing as freedom of the individual and of organisational bodies. Without going to great lengths, since the arguments have been propounded extensively, I believe that the sporting world has had the required effect in that country. But it should be noted that it is the sportsman, Mr. South Africa, who have taken the initiative in promoting multi-racial sport, and for that they deserve credit, not disapproval.

The experience of this match was also valuable to Peter Morgan, who has the unenviable task of following J. P. R. Williams. He was a little inhibited in attack until the second half, when he added a little order to some poor passing by the Welsh centres. Since he dealt confidently with a variety of kicks, he seems assured of a place in the full national team.

Wales will certainly have to tidy up their passing behind the scrum, if they are to play the overlap game which has brought them so much success. But the advantage of playing Richards, the gifted Swansea fly-half, in the centre is that he is so devastating in attack from broken play. That is where Wales score so heavily, because they have the flair players behind an efficient pack. For all that teamwork is essential it is the gifted individual who has finally won games for them. The other remarkable fact about recent Welsh teams is that they raise their game when they are points down, and for this, on Saturday, they owed a lot to Quinell.

driver

work

In the early 1970s, the British motor industry was in a state of crisis. The industry was suffering from a combination of factors, including a decline in sales, a loss of market share to Japanese and American manufacturers, and a general feeling of pessimism among the public.

It was in this context that the concept of the 'driver' emerged. The driver was a new type of car designed to meet the needs of a new generation of motorists. It was a car that was simple, practical, and reliable. It was a car that was designed to be driven by anyone, from the young to the old.

The driver was a success. It became one of the best-selling cars in the world. It was a car that was loved by millions of people. It was a car that was a symbol of the new era of the car.

Today, the driver is still a popular choice for many motorists. It is a car that is still going strong, and it is still a symbol of the new era of the car.

Country: Great Britain
Telephone: 01-234 5678

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHUETTERS

MATERIALS

Waste paper used to insulate ceilings

RECYCLED waste paper is the basis for a new form of insulation for the ceilings of buildings and shown to be an excellent heat barrier through its use on a number of buildings in the U.S. where it was developed. It is being made by Cibco Insulations in Washington. Kyma and Wear (0632 465754) and, the company says, is a low-cost form of insulation primarily because the major ingredient is waste paper. This is treated to free the fibres and

make them resist fire, mildew and moulds. The fibres are hollow and form an interlocked mesh that traps air and thus provides a good barrier to heat transmission. Contractors apply the layer with an admixture of a liquid bonding agent in thicknesses typically of one inch, using a one-pass, high pressure spray technique. Fibres adhere to most common construction materials and the layer cures to a durable surface with a good decorative finish.

Glass will retard fire

DEVELOPED AT the Battelle research laboratories in Geneva, Switzerland is an interesting construction industry product that has been called Fire-Glass. Derived partly from work the group has been doing on fire-retardant coatings for timber, the experimental material is transparent and can be used as a window. It consists of glass layers laminated with an inorganic compound that intumesces when exposed to heat or flame.

This means that if fire impinges on the glass, the outer surface will break off and the layer of intumescent compound will swell to form a thick layer of opaque white foam. This layer retains the structural integrity of the window and, at the same time has low thermal conductivity so that progress of the fire through heat radiation is prevented or retarded. Fire-Glass is made from cheap materials and is comparatively easy to make, Battelle reports.

ENVIRONMENT

Lessens noise from ventilation ducts

GROWING PUBLIC concern with the problem of noise control in the environment, and the fact that this hazard has a high priority under health and safety legislation, has inspired researchers at Salford University to provide a computerised design study—now an invaluable aid to a heating, ventilating and air conditioning manufacturer.

The company says it may have had to spend tens of thousands of pounds, and perhaps up to three years of gruelling effort, to achieve the Salford design.

The products are designated S-Pak attenuators. Constructed of rigid 1.5 mm galvanised sheet, they have built-in flanges for additional strength and units are available with a combination of splitter and airway widths for optimum attenuation.

There is a range of acoustic media to provide attenuation for normal comfort air conditioning needs, or for more highly specialised requirements needed, say, in hospitals and the food and pharmaceutical industries.

COMPONENTS

Indicates liquid level

IN A simple, reliable liquid level indicator switch from the 30-98 Company, Victoria Road, Burgess Hill, West Sussex, the increase in liquid height as the pre-selected level is reached compresses an isolated column of air which actuates a diaphragm followed by a trip switch.

The unit is normally operated so that the diaphragm is horizontal, but it can be arranged in other positions without the reliability being impaired. Indication can be sited up to 100 metres from the storage container.

Regardless of the rate of rise or fall of the material, which can be a slurry or a sludge, it is claimed that the system remains extremely reliable in use and there is no possibility of contact between the

measured fluid and the electrical control devices. Construction is to suit the applications: for example, Neoprene is the normal material for the diaphragm but it can be supplied in Teflon for temperatures above 80 deg. C. More from the company on 04446 43461.

PROCESSING

Filters the sludge

FILTER presses manufactured by Von Roll of Berne, Switzerland are to be marketed in the UK. The presses, it is claimed, will obtain the driest possible substances from slurries and sludges.

Mindon Engineering, Brookhill Industrial Estate, Station Road, Pinxton Nottinghamshire, NG16 6NS.

Machines to be offered will range from units for handling small batches to high throughput presses in which all operations—filtration, extraction, transport of the filter plates and washing of the filter cloths—are push-button controlled and automatically sequenced.

Uses for the presses range from the production of dyestuffs and pharmaceutical preparations to the dewatering of sludge from municipal and industrial wastes. Marketing in the UK will be by Robert Speck, 34, Veda Road, London SE13 7JG (01-890 3326).

Coats car components

A NEW powder-coating plant capable of coating up to 25,000 car components each week has been successfully designed, built and installed by Mindon Engineering (Nottingham).

This conveyerized system is now in use at the Premier Lamp and Engineering Company in Peterlee, Co. Durham. It has a manual epoxy powder spray unit utilising the "airstatic" system available in the UK through Mindon, coupled with a double-sided powder recovery installation of the cyclone type and a Mindon double-pass

tunnel oven capable of meeting continuous high production levels. Mindon Engineering, Brookhill Industrial Estate, Station Road, Pinxton Nottinghamshire, NG16 6NS.

Grinds and then mixes in liquids

IN RESEARCH and development in the chemical and pharmaceutical industries, processing requirements often overlap, as for example, the need to comminute a solid to sub-micron sizes, the powder particles of which must then be dispersed in a liquid.

Initialy, only a few grammes of product may be needed, followed by kilogrammes for further probes.

In this kind of research and development separate items of equipment may be required, some of the items having only limited future use, once the initial stages of a project have been negotiated. Wastage of such equipment says Pilamec, which designs and makes high energy vibrational ball mills, can be avoided by using its latest multi-function unit.

Heart of this unit is a laboratory vibration mill with two specific functions: comminuting on a continuous-flow or batch basis, dry or wet materials. By coupling this high energy mill to a pump and tank, one can

disperse the finely ground material in liquids, preparing, if desired, 40 kilos of end product. If dealing with a costly substance, available only in grammes, the tubular stainless steel processing chambers can be quickly removed and replaced with non-metallic containers and grinding media. More details can be obtained from Pilamec at Harbour Road, Lydney, Glos. GL15 4EJ (05944 3660).

DATA PROCESSING

Disc has large capacity

WITH SEVEN times the capacity of the largest flexible disc store but occupying the same small space, an eight inch rigid disc from Memorex holds 11.7 megabytes on two platters.

Designed for original equipment manufacturers (OEM) the Model 101 is aimed at small business equipment and word processing, where more powerful systems will become possible with no additional use of space.

A significant design feature is the use of a direct drive spindle motor and the consequent elimination of belts, brackets and side-loaded bearing wear. Reliability is thus enhanced and the company has benefited from a cost reduction due to a lower parts count.

Weighting less than 20 lb and measuring 14 x 8.5 x 4.4 inches, the drive is very accessible and has its electronic package mounted on the bottom of the head disc assembly for easy access even while the drive is running. Memorex is at Staines, Middx (0784 51488).

Very fast data printer

A FLIGHT time of only 180 microseconds for the print wires is achieved using a stored energy technique in the FS-600 dot matrix printer from Florida Data, available in the UK from Sintrom Ellinor, 14 Arkwright Road, Reading RG2 0LS (0734 85464).

Coupled with an electronics design in which an internal micro continually examines the data buffer to determine where the head should move next, the net result is a printing speed of 600 ASCII characters/sec at a line rate from 230 to 1200 lines/min according to length.

The stored energy method involves holding the print wire cocked against an attached spring by a magnet and then cancelling the retaining magnetic field by an actuating solenoid. A bonus is reduced head power dissipation, permitting 100 per cent duty cycle. The head life is claimed to be a billion characters. Format is 132 columns with characters formed by a 7 x 7 dot matrix or 7 x 8 lower case. Form size is up to 380 mm (14 1/2 in) and multicolor can be used to produce up to six copies and the original.

ENERGY

Batteries might feed grid

A PAPER given by A. Hart and J. Talbot of the Central Electricity Research Laboratories, Leatherhead, at the recent ERA Battery Symposium indicates that by the end of the century it is likely that up to 15 GW (15bn watts) of power will have to be provided from batteries which will have "soaked up" nuclear power during the night.

The philosophy will be to keep low running cost nuclear plant operating at periods of low demand and replace the (then) relatively expensive fossil-fuelled generators at peak times. By the turn of the century some 30 per cent of UK electrical power will possibly be generated from nuclear stations.

The present thinking at CERL is that only the zinc/chlorine and sodium/sulphur battery couples show signs of offering a clear economic gain, although lead acid and nickel iron/air offer a "reasonable chance" of meeting the financial targets.

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PACKAGING

Labelling machines debut

TWO LABELLING machines will be making their UK debut at the Packaging Index—London Exhibition which is being held from November 8 to 8 at the Wembley Conference Centre.

The other labeller to be shown will be the Cliota Climatic, which will be set up for the high speed application of roll-fed labels on to round bottles. This machine can also be used for "stack fed" labelling and can apply front back and neck labels on to bottles and containers of virtually any shape.

The Hapa 411 is a roll fed labeller for ampoules or small bottles, and the machine is claimed to be unique in taking plain rolls of delayed action

heat-seal material and carrying out the complete printing of two-colour labels. More information can be obtained from Smith and McLaurin, 55 West Street, Marlow, Bucks, SL7 2LS. (06284) 72249.

SAFETY

Marketing agreement

POWERED smoke extraction units for commercial and industrial premises designed by American Coolair Corporation of Jacksonville, Florida, are to be manufactured under licence and marketed by Gradwood of Stockport, Cheshire.

Gradwood, which specialises in fume extraction and ventilation equipment combined with heat reclamation systems, both designs and fixes complete installations. Among the large number of Coolair ventilators to be marketed is a powered smoke extraction unit which will withstand temperatures up to 600 degrees F for five hours. This will be one of the leading items of equipment to be promoted by the British company which has its headquarters at Edgeley Road, Stockport, Cheshire

MSA/FT2

Your company's paperwork for next month's expenses.

COMPANY CARD - MONTHLY STATEMENT OF ACCOUNT

Company Account No. 3742-900719 91001 Billing Date 29th February 1979

Please refer any queries to the Manager, Company Accounts, Address as above, Tel: 01(0)475 83331

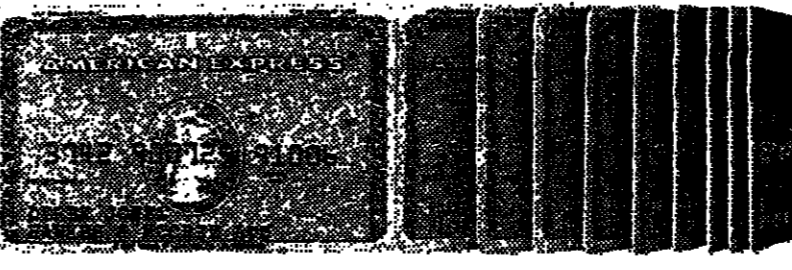
Account Name	Opening Balance	New Charges	Items	Credits	Thirty Days	Sixty Days	TOTAL DUE	REMARKS/ALLEGATIONS
Current Accounts								
Bank of America	375.54	253.37	4	375.54	0.00	0.00	253.37	
Bank of America	222.80	144.34	12	222.80	0.00	0.00	144.34	
Bank of America	85.40	67.90	4	85.40	0.00	0.00	67.90	
Bank of America	18.10	18.10	3	18.10	0.00	0.00	18.10	
Bank of America	127.30	74.21	4	127.30	0.00	0.00	74.21	
Bank of America	0.00	25.30	3	0.00	0.00	0.00	25.30	
Bank of America	0.00	0.00	0	0.00	0.00	0.00	0.00	
Bank of America	84.80	46.80	3	84.80	0.00	0.00	46.80	
Bank of America	89.94	61.00	5	89.94	0.00	0.00	61.00	
Bank of America	131.80	0.00	0	131.80	0.00	0.00	0.00	
Bank of America	48.45	67.80	10	48.45	0.00	0.00	67.80	
Bank of America	0.00	0.00	0	0.00	0.00	0.00	0.00	
Bank of America	268.88	123.10	30	268.88	0.00	0.00	123.10	
Bank of America	64.30	109.17	21	64.30	0.00	0.00	109.17	
Bank of America	140.37	90.28	103	140.37	0.00	0.00	90.28	
Bank of America	140.37	90.28	103	140.37	0.00	0.00	90.28	

Note: - refers to New Charges only.

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MSA/FT2

If you would like details of the system for 1-9 employees only please tick

مكاتبنا الجاهل

Building and Civil Engineering

East Java dam redesigned £4m council housing by Cubitts

THE MAIN construction contract for the Sampean Baru Dam in East Java has been awarded to an Indonesian contractor, P. T. Nindya Karya. The latter will receive assistance from Lossinger of Switzerland under a technical assistance agreement.

The Sampean Baru project was conceived originally by Dutch engineers in the 1960s but it was not until the Japanese occupation in the early 1940s that construction was begun. The masonry spill-

way, canal intake and embankment dam were substantially completed by 1945 when the main embankment was washed away by a flood and the project was abandoned.

Following several feasibility studies between 1947 and 1973 by other consultants, Sir M. MacDonald and Partners were awarded in 1975 a contract by the Indonesian government for the detailed design of the dam and associated irrigation system including rehabilitation of existing structures. A new site

for the dam was chosen and in due course an entirely fresh design was completed for a site downstream of that originally considered.

Now called for is a mass concrete dam, 180 metres long with a maximum height of 45 metres above lowest foundation level. Flanked by earthen embankments which increase the overall length of the dam to 730 metres. A gated spillway designed to discharge 2600 cubic metres per second will be incorporated in the dam.

The main construction contract is scheduled for completion in 1984. The dam itself will cost about \$8m and construction will be financed with the aid of a World Bank loan, though finance is still required for the associated hydroelectric sets which will supply additional power to the planned East Java regional grid.

The dam will feed the Sampean Baru irrigation canal system which comprises some 43km of main canal and over 120km of secondary canals irrigating a total area of 9300 hectares. Construction of the canal system, which is costing a further £14m was divided up into 55 separate contracts to enable the smallest local contractors to participate in the scheme.

Over £4m to Monk

AMONG THE latest contracts awarded to A. Monk and Company are housing at Milton Keynes, office building at Seal Sands, roadworks at Leeds and school building at Penryn, S. Wales.

Milton Keynes Development Corporation has awarded a £2m contract for erection of 84 single storey and 108 two storey dwellings in traditional construction plus external parking areas and site works.

At Seal Sands, Teesside, the Phillips Petroleum Company has accepted a £226,575 tender for extensions to the administration building and workshop offices on its refinery site north of the Tees.

West Yorkshire Metropolitan Council has placed a £245,985 contract for construction work in Melville Road, Leeds, while in S. Wales the West Glamorgan County Council has accepted a £1.3m tender for rebuilding science and sports blocks at Penryntheol Comprehensive School.

Joint developers, Allied Retailers and Town and City Properties have awarded the £1.5m building contract to D. Wilson (Birmingham).

Reinforced concrete stairs, escalators, lifts and 215,000 sq ft of suspended ceilings are to be provided together with sprinkler systems, heating, electrical and fire alarm installations. The

Variety for Bullock

CONTRACTS totalling £1.27m have been won by D. T. Bullock and Co.

Dudley Metropolitan Borough Council has placed a £500,000 contract for the modernisation of 117 houses and an industrial unit at Moons Moat North Industrial Estate is to be built for Redditch Development Corporation at a cost of £288,000.

East Staffordshire District Council has awarded a £200,000 contract for industrial units at Barton-on-Trent and civil engineering works at RAF Defford (£288,000) is to be carried out for the Property Services Agency.

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Paddock Wood, Kent. Costing over £500,000 it will be used on the top of the sea-wall being constructed, as reported on this page last week, by Al Quebeisi Mowlem.

The company has already supplied over a mile of stainless steel balustrading for the Al Ghurair Centre in Dubai and a similar installation at the Abu Dhabi Trade Centre.

First deliveries to Abu Dhabi are due at the end of December with installation starting in February.

Parker Knoll extension

A SINGLE-STOREY, steel portal frame extension to Parker Knoll's production facilities at Chipping Norton, Oxon, is to be built by Bovis.

Previous contracts carried out by Bovis for the Parker Knoll group include the existing Chipping Norton factory and three jobs at High Wycombe Bucks. Work on the latest extension at Chipping Norton

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More railway work in Hong Kong

A FURTHER \$5m rail engineering contract in connection with the Hong Kong Mass Transit Railway has gone to the Henry Boot/Gammon joint venture which has already nearly completed a £12m award for permanent way work on the 15.6km modified initial system double track main line.

The new contract calls for the provision and laying of a 10.5 km double track main line, points and crossings, the track bed, ballast, and all ancillary components associated with the track for the whole of the Tsun Wan extension.

This double track is to be supported on continuous concrete piers, 7.5 km of which will be in tunnel and 3 km on overhead concrete structures.

The continuous concrete support piers, first installed on the modified initial system, is stated to be a unique concept which offers amongst other benefits an extremely smooth ride.

Main civil construction work on the Tsun Wan extension is already well advanced. Henry Boot/Gammon's initial involvement will start next April with track construction programmed from September 1980 to February 1982.

All rail will be supplied by the British Steel Corporation, and the total benefit to UK in goods and services is said to approach £3.5m.

Loan facilities to finance both the local and the UK element of the work have been arranged by Lazard Brothers.

Furniture superstore

PART OF the Olympic exhibition complex in West London, Empire Hall, is being converted into a furniture superstore and offices for UKAY Furnishers.

Joint developers, Allied Retailers and Town and City Properties have awarded the £1.5m building contract to D. Wilson (Birmingham).

Reinforced concrete stairs, escalators, lifts and 215,000 sq ft of suspended ceilings are to be provided together with sprinkler systems, heating, electrical and fire alarm installations. The

Diverting the traffic

CONSTRUCTION OF a £2.7m link between Bantley Road and London Road, Coventry, designed to take traffic round the city centre, has begun. Fairclough Civil Engineering is the main contractor.

The road, a combination of single and dual carriageways, will have three prestressed reinforced concrete bridges, a new roundabout, turning lanes and two subways.

The most spectacular part of the project, says Fairclough, will be the construction of a "slide-in" railway bridge to carry the Rugby to Birmingham

Sea front balustrade

OVER THREE miles of ornate aluminium balustrading for Abu Dhabi's seafront is being made by Allied Engineering of

In BRIEF

● Orders worth £168,000 has been received by companies in the George Kent group, for the supply and installation of water metering equipment for 82 dog wells being drilled by the Bangkok Metropolitan Water Authority.

Contract in Libya

A TRAINING centre is to be built at Ghat for the Libyan Government by the Lowton Construction Group. Value of the contract is £5.7m.

Back in the UK Lowton has

started on 111 houses at Heatherbrook for Leicester City Council (£1.3m) and at the Sheaffer Eaton Textron factory, Hemel Hempstead, Herts where major extensions are to be built.

To build office block

TRUST SECURITIES Holdings has awarded Sir Robert McAlpine and Sons a £3m contract to build an eight-storey 58 metres by 20 metres on-plan office block at the corner of Altyre Road and George Street, Croydon, Surrey.

It will be of reinforced concrete frame construction on piled foundations and will be brick-clad externally and air-conditioned.

The architects are the Project Design Partnership and work now starting is due for completion by mid-1981.

Rush & Tompkins awards

WORK ON five new contracts worth about £2.76m has just been started by Rush and Tompkins.

The largest job is the construction of Slade Green telephone exchange in Erit, Kent, for the Post Office Corporation (Telecommunications). This is valued at £925,000 and is due to be completed in 18 months.

The company has also won a £710,000 contract from the Thames Water Authority for a control building at Merton Abbey works, in South-West London.

In Central London Rush and Tompkins is working on a £440,000 office refurbishment for the Royal Bank of Scotland on the corner of Whitehall and Trafalgar Square while in South-East London it is

refurbishing New Cross bus garage for London Transport Executive at a cost of £547,000. Further south it is constructing a warehouse for Wavin Plastics at Ashford, Kent, under a £142,000 contract.

Will erect factories

ADVANCE factories are to be built by C. Bryant and Son for Peterborough Development Corporation.

The £2m contract is for the erection of 25 single storey unit factories at Orton. Thirteen of these will have two-storey integral offices, the remainder single storey offices.

Warehouses and factories

WAREHOUSING and a factory modernisation are being carried out by Laing Scotland under two contracts together worth more than £1.4m.

In Paisley, Laing is to build two single-storey warehousing units under a £965,000 contract for the Abbey Life Assurance Company. Work is to start this month with completion expected by June 1980.

Both buildings will be constructed with strip concrete foundations and steel portal frames with part coated steel and part brickwork cladding and asbestos sheet roofing. Architects are Greenock and Will; consulting engineers, Wraggs Threapleton and Company and quantity surveyors, Mutchhead Muir and Webster.

On the Queenslie Industrial Estate, Glasgow, Laing has started work on a £440,000 factory modernisation contract for the Property Services Division of the Scottish Development Agency. Completion is expected by June next year.

Work includes the demolition of existing offices, a new front wall, strengthening of the roof structure, replacing the roof covering, new services installation and some external works.

Architects are Boswell Mitchell and Johnston; consulting engineers, H. L. Waterman and Partners; mechanical and electrical consultants, A. Kirkwood and quantity surveyors, Thornburn Sinclair and Howat.

Designing for the disabled

A NEW code of practice from the British Standards Institution aims to improve facilities in public buildings for the disabled.

BS 5810 Code of Practice for Access for the Disabled to Buildings details the basic provisions necessary to ensure that buildings are convenient for people with problems of mobility, sight and hearing. Though it necessarily concen-

trates on new buildings, where the greatest improvement in the general conditions for the handicapped can be made, it also provides guidelines for the adaptation of existing buildings.

Copies of the code may be obtained from British Standards Institution, 101 Pentonville Road, London N1 9ND. Price £4.30 (BSI Subscribing Members £2.88).

Small road roller

A VIBRATING road roller designed primarily for use on footpaths, small drives and car parks has been produced by Atkinson's of Clitheroe.

Powered by a single-cylinder diesel engine (15.5hp), the unit has a roll width of 900 mm. Hydrostatic drive to the twin rolls of the machine gives speeds up to 5 km an hour forward and in reverse. A totally enclosed cab is an optional extra.

The roller was developed in a joint venture with Tarmac.

Saudi air terminal
ERECA MO is hoping to break into the South American market, not South African as was erroneously reported on this page on September 3 when in the construction of Saudi Arabia's first city air terminal.

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 Monday October 8 1979

Scotland hits the U.S. investment trail

BY RAY PERMAN, SCOTTISH CORRESPONDENT



Polaroid cameras being assembled at the company's factory in Dunbartonshire.

The Fed faces the issues

THERE CAN be little questioning of the boldness of the new measures introduced by the Federal Reserve Board to tackle the domestic causes of the dollar crisis; they add up, indeed, to a considerable revolution in U.S. monetary policy. The Fed has implicitly admitted not only that the basic cause of the dollar's weakness is domestic—an admission which is long overdue—but it has also tackled a number of basic weaknesses in its own methods of monetary control.

The most radical change is in the Fed's attitude to market interest rates. Although the monetary policy of the U.S. has long been based on targets for monetary growth, as in other countries, the actual day-to-day operation of the Fed has been directed to the control of short-term interest rates.

This meant that if the Fed misjudged the demand for money at any given rate, it supplied such extra funds as were needed to stabilise interest rates. From now it will act directly to smooth the growth of the monetary base of the banking system, and let interest rates take the strain of any fluctuation in demand.

British experience

In other respects, though, the Americans seem willing to learn something from British experience. One of the major difficulties facing the U.S. authorities in the last two years has been the growing ingenuity of the U.S. banks in finding new ways to finance credit expansion outside the officially defined money supply—namely through the explosive growth of repurchase agreements under which the banks effectively pawn the securities they hold as reserves with their corporate customers.

The Fed has decided to tackle all these so-called "managed liabilities" by a method which seems to be modelled on the British "corset" controls. Penalties will be imposed on the growth of these liabilities beyond their present size.

Finally, the U.S. authorities have done what they can to prevent domestic borrowers from escaping the rigours of their own market by seeking cheaper credit in the Euro-markets. U.S. banks will once again have to hold reserves against their external borrow-

IN New York today the Scottish Development Agency begins a five city tour of the United States visiting major companies which are known to be thinking of establishing a European manufacturing base and trying to convince them that Scotland is the place they are looking for.

There is nothing unusual in that. The Scots, as they have known from the outset, are joining an ever more aggressive international competition in which their rivals are not only other regions of the UK and Britain's partners inside the EEC, such as the Irish Republic and West Germany, but countries in the Far East and other parts of the developing world and even individual American states, which are becoming alarmed at the outflow of investment from their own back yard.

Yet the SDA tour is controversial. The Scottish agency has so far little experience of the tough, competitive sphere it is entering. In its only real brush with the acknowledged top professional organisation in the business, the Irish Industrial Development Authority—in a tussle to secure a £40m micro-electronics plant being planned by Mostek, the Dallas silicon chip maker—it came away with a bloody nose.

The Irish, understandably, hardly welcome a new rival, but the SDA's progress is also being watched closely in Britain itself. Other depressed regions of the UK share with Scotland the same problems of declining traditional industries and have the same need for new investment on a large scale. But they do not have development agencies of their own with either the same independence or finance as the Scots. The SDA has been given £500m (which could go up to £800m) and with the Government about to curb its powers to invest in companies, more and more of the money will be directed towards overseas promotion.

No gentleman's approach

And there is intense interest in Whitehall, particularly in the Departments of Trade and of Industry. Although regions and even individual local authorities have been allowed to fly over the Atlantic to do their own special pleading, until now the main thrust of British effort abroad has been through the Trade Department's Invest in Britain Bureau (the IBB), which in turn acts through the embassies and consulates. The strict understanding is that the IBB's role is first and foremost to secure new investment for the UK, parcelling it out to particular parts of the country comes later.

For obvious reasons, the SDA is reluctant to criticise the IBB, but there is a feeling inside the agency that the gentlemanly ap-

U.S. INVESTMENT IN SCOTTISH MANUFACTURING

Industrial Sector	1978 (£000s)			
	Employment	Investment	Turnover	Exports
Food, drink and tobacco	4,123	93,184	174,764	32,590
Chemical industries	5,825	134,373	137,219	73,780
Metal manufacturing	1,177	5,987	20,333	4,158
Instrument engineering	9,878	30,441	98,842	59,856
Mechanical engineering	25,121	155,530	470,735	245,875
Electrical engineering	13,933	117,244	463,530	230,850
Vehicles and shipbuilding	11,886	51,499	199,444	31,142
Metal goods n.e.s.	1,388	9,925	26,346	9,005
Textiles	1,354	9,005	31,424	11,019
Clothing and footwear	4,027	11,933	50,970	21,444
Shops, pottery and glass	429	1,677	9,637	4,100
Paper, printing and publishing	1,049	12,607	24,497	13,694
Other (including Timber and furniture)	4,864	16,368	112,879	28,940*
TOTAL	84,264	649,773	1,820,620	839,953

* Estimates from limited data.
 Source: Scottish Council Research Institute

proach of the diplomatic service has had its day and that other countries (especially the Irish) with their network of offices in the U.S. are getting to likely prospects first in trying to beat the foreign competition, the Scots inevitably see themselves as competing with the rest of the UK.

The Scottish agency does work with the IBB and has to work with the Department of Industry, which administers the development grants that are vital part of attracting companies to Britain. But it is also building up an independent operation of its own.

This week's tour is the second major push in the U.S., following up one in April when the agency concentrated on the South and the West Coast. This time it is the East, New York, Boston, Cleveland, Chicago and Philadelphia. A lot of time and money has been spent identifying the corporations likely to want to expand into Europe, particularly in engineering, one of Scotland's staple industries, and the fast growing electronics fields of data and word processing.

At least three prospects are in view for the near future and the agency has set itself the ambitious target of attracting seven new electronics companies to Scotland by the end of 1982. The tour that opens today also coincides with the formal opening of the SDA's two-man branch office in New York, the first of a number around the world. There will be another in California, to build up contacts with the electronics firms in "Silicon Valley," an office in Brussels and probably one in Tokyo.

The Government has so far been content to let this expansion happen and to ride out the internal criticism from some members of the Civil Service. Mr. Alex Fletcher, the SDA's sponsoring minister in the Scottish Office, is also in the U.S. this week and will be keen to see how the agency gets on. Hostility in the Conservative Party has been directed much more at the agency's investment function than at its overseas activities. There are sound political

reasons why this Government, like the last one, is prepared to give the SDA its head. The provision of jobs is an emotive issue in Scotland, but there are few British companies willing or able to make the sort of massive investment that catches the headlines. This factor alone would be enough to influence many politicians, but there are other undoubted benefits to the economy brought by U.S. companies. For one thing they tend to be export oriented. The Scottish Council Research Institute estimated last year that American companies in Scotland had increased their exports by 18 per cent in real terms in the six years to 1978 to a figure of £840m.

It is hardly surprising that they should want to sell most of their output outside Scotland. The country itself is so small that it can hardly provide a big enough market for anything except perhaps offshore oil goods to make it worthwhile for a U.S. producer to set up a plant. It is as a location inside the EEC tariff walls that the country becomes attractive.

Criticisms fade away

And, as a bonus, there is some evidence from the scant research that has been done on the performance of U.S. companies in Scotland, that they are more efficient than their indigenous competitors.

Criticisms of U.S. industry used to come hot and strong from the left, but they have died away with the rise in unemployment. Yet there are real dangers in a regional economy becoming heavily dependent on investment from outside in the way that Scotland has become in the last 30 years.

But it can have a devastating effect on employees or subcontractors. IBM maintains a "full employment" policy at its Greenock plant, but regulates its production by varying the amount of work it puts out to local firms. Up to 1974, for example, the annual value of work given to subcontractors in the Greenock area was climbing steadily to over £12m. With a fall in orders the next year the company cut it by two-thirds.

UK governments—of both political parties have been made painfully aware of the pitfalls of a "branch factory economy," yet faced with this or the choice of a very reduced level of investment, they have had little hesitation in deciding on which side the balance of advantage lies. Fixed investment by U.S. companies has climbed from £27m in 1972 to £850m in 1978 and is now probably nearing £800m, not including the vast sums that have been spent by oil companies on oil-related projects. Last year new projects worth around £50m were announced by U.S. companies and so far this year the total is £30m or more, most of it in expansion plans by existing companies.

But if this growth is to continue new blood must be attracted to supplement the old. The SDA is in a good position to lead a new co-ordinated drive, since it is responsible for factory building and also is able to offer equity and loans in special cases. What it does not have, however, is the complete authority to clinch deals that its counterparts elsewhere in Europe enjoy. Financial aid for any new investment must be agreed with the Department of Industry (and probably referred to London, although many of the Department's functions are delegated to the Scottish Economic Planning Department in Glasgow) and if planning consent is required one, or sometimes two, local authorities have to be involved. In the past a number of companies which might have established plants in Scotland have been deterred by the sheer confusion of being shunted from one set of officials to another.

Even with whole-hearted support from the Government it

will be a long time before the agency can present prospective investors with one single package and one set of officials to see. But it is making progress with this aim.

Starting with its first U.S. tour in April the agency was able to keep the number in its party down by excluding the smaller district councils and confining representatives from the larger regional authorities to full-time officials regularly involved in industrial development work. Politicians, the agency's American advisers said, were not welcomed in corporate boardrooms. But local rivalries still exist and some of the industrial development officers still refused to divulge to the tour organisers the names of companies and executives they were going to see, with the unfortunate result in some cases that two or more regional men arrived in the same waiting room at the same time.

SDA arms itself

The agency has also done as much groundwork as it can in advance of actually setting foot on American soil.

The agency has armed itself with an array of facts and figures to show the benefits of manufacturing in Scotland. A table, in one booklet, entitled Profit in Scotland, compares data lost through industrial disputes. Among 11 countries, Scotland is shown as coming fifth. There is no indication whether the figures are for one particular year or an average over several years, but as a piece of propaganda the table makes the point neatly that Scotland has fewer days lost than several of its rivals for scarce investment, such as Eire, Italy and the UK as a whole. The blurb contrasts the "well-publicised labour unrest in many sectors of the British economy" and the "good worker productivity" of Scotland. The Scots are out to make their mark, even if they have to tread on a few corns in the process.

A clever move by Moscow

PRESIDENT BREZHNEV's offer to make a limited Soviet force withdrawal from East Germany should not be dismissed immediately as pure propaganda. But the West should be extremely cautious in its reaction. The forces apparently to be withdrawn over the next 12 months—20,000 troops and up to 1,000 tanks—may look impressive at first sight. But the move would do virtually nothing to diminish the vast superiority of Warsaw Pact conventional forces confronting those of NATO in Central Europe. The Western Alliance would remain on the defensive against a vastly more powerful potential invasion force.

Opening shot

Secondly, there is a need to examine Mr. Brezhnev's motives closely. It could be thought that he wants to portray the Soviet Union as a peace-loving nation to help ratification of the latest strategic arms limitation treaty (SALT II) by the U.S. Senate. But the key to Kremlin thinking undoubtedly lies in the imminence of a NATO announcement of Alliance plans to boost its medium-range nuclear strength in Western Europe. Western strategic analysts have long expected Moscow to launch a major propaganda campaign against such a move. This is clearly the opening shot in that campaign.

Indeed, Mr. Brezhnev was reasonably explicit on this point. If NATO withdrew its nuclear modernisation plans, the Soviet Union would consider restricting its own deployment of medium-range nuclear missiles in Eastern Europe, he suggested. But if NATO went ahead, Mr. Brezhnev warned that the Warsaw Pact would have to take "essential additional steps" to strengthen its security as the West would be upsetting the balance of forces in Europe to ensure NATO military superiority.

That is nonsense. The agencies that the Western allies are currently going through over their nuclear force modernisation plans are due to the unwelcome obligation they feel to try at least partly to restore a nuclear balance that has swung massively in favour of the Soviet Union. The NATO countries are grappling to find an answer to the ever-increasing threat to Western Europe posed by the Soviet SS-20 mobile missile,

MEN AND MATTERS

Rumbles under a Rothschild

That most discreet of institutions, the Banque Rothschild in Paris, is having a discreet little strike all its own. One hundred of the 800 employees at the headquarters in the Rue Laffitte are staging what they call an "unlimited stoppage."

The tradition of urbane Rothschild secrecy is being breached by a variety of blunt allegations. A spokesman for the dissidents has accused the management of "paternalism," and added: "You get promotion and more money here if your face fits." The only managerial comment is that "talks are being held."

Members of the French banking community believe that anything so untoward as industrial action is unprecedented in the group's history. The trouble began, it is said, in the overseas department.

The strikers are being supported by the Confederation Generale du Travail—which is close to the Communist Party—and the Confederation Francaise des Travailleurs. The unions say that by their calculations, the average annual salary at the bank is £8,600 and that the starting salary is £75 a week.

The demands are for more money, more staff and equality for women. A leader of the strikers says sardonically of the head of the bank, David de Rothschild: "He's very good at making promises."

Tower power

When Colin Rayne walked in he did not look like a fanatic. Then I asked him about the large brown-paper parcel under his arm. "It's the Post Office Tower," he explained. "Fancy that." I said, "How about letting me have a look?"

It was the tower, all 620 feet of it (on a scale of one inch to 30 feet). "I love that building," said Rayne. "This is

time," he says. The French, it seems, care more about towers than we do. "One day," says Rayne optimistically, "Londoners will cherish their tallest building as much as the Parisians do the Eiffel Tower."

Casting a spell

Argument about trimming Britain's education Bill reaches a crescendo. But surely nothing should be done to reduce our proud standards of literacy. Here is a circular letter, verbatim, just sent out by the Olympia, West London, office of National Car Parks:

"Please note that due to miss print that the application form that has been sent for the Earls Court Car park and for Olympia has should have been. Please refill the new application form and return to Olympia with moneys due. Sorry for inconvenience course. National Car Parks."

Clock watching

The common touch, whether conveyed by jogging or by taking on aggressive aquatic rabbits single-handed, has certain hazards for any national president. Even walking about being friendly can result in unexpected ridicule, as happened to Brazil's president Joao Figueiredo two weeks ago—he opened the newspapers to see photographs of a presidential "look-alike" graciously visiting the dressing rooms at the national theatre and signing autographs.

Figueiredo has now experienced a further humiliating consequence of that theatrical spontaneity—which, thanks to frequent displays of emotion, has earned him the somewhat sardonic title Joao the Weeper: On a recent visit to the ancient and impoverished city of Bahia, Figueiredo exchanged hugs with the crowd in the normal way, then entered an old church. Overwhelmed by the fervour of the faithful, the lifting music,

In future, perhaps, Figueiredo will go one step further towards imitating the Brazilian man in the street—when wearing a costly timepiece use a cheap watchstrap, and look out for the beauty of the place, he was seen to burst into tears. The security guards, in keeping with the new style, kept well out of the way during the performance.

It transpired later that Figueiredo had something quite specific to cry about. Someone in the exuberant congregation had removed a gold watch from the presidential wrist.

Into xenomarkets

For anyone outside its charmed circle, there is often a little difficulty in knowing what has come out of an IMF meeting, except for sonorous phrases. But I have discovered one precise result of the Belgrade conclave: a new buzz-word.

It cropped up first in a communiqué after talks between the U.S. and West Germany, then was propelled into the stratosphere by C. William Miller, American Treasury Secretary. He commended it to journalists seeking to lend sophistication to their columns. The new "in" expression (wait for it) is Xenomarkets. What does it mean? Take a hint from xenophobia, meaning a morbid fear of anything foreign.

So xenomarkets are those outside a domestic monetary control. Authorship of the term is claimed by economist Fritz Machlup, who says: "To talk about Eurodollar markets is misleading, because the markets go well beyond Europe and the dollar."

Over reacting

Near the haberdashery counter in Selfridge's last week, I heard a woman say to her friend: "I used to watch a lot of television, but these days I switch it off more often than I switch it on."

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FINANCIAL TIMES SURVEY

Monday October 8 1979

European Motor Industry

Demand for cars in Europe is expected to grow, but part of the increase is likely to be met by higher imports. Production is reckoned to expand more slowly, largely because of the rising cost of investment in additional capacity, and as in other major industries joint ventures and similar co-operation will probably become the order of the day.

Trend towards closer working

By Kenneth Gooding
Motor Industry Correspondent

PRIDE OF place among the year's major events in the European motor industry should probably go to the decision by General Motors, the world's biggest car producer, to expand its European capacity by about one quarter or 300,000 cars at the cost of around \$2bn.

The bulk of the investment is to go into Spain for an assembly plant at Saragossa and a components facility at Cadiz. There will also be a \$300m engine plant built near Vienna in Austria.

The project signals GM's determination to become as important outside the U.S. as in its home market, where it has captured a near-60 per cent share of car sales.

GM will spend \$13bn at 1978 prices in pursuit of this goal over the next ten years. Money is not everything in the motor business, but European manufacturers must assume that

international markets, already highly-competitive, can only become more so in future.

The new GM European plants should come on stream in 1982 and will fit into the group's "world car" strategy. This strategy is made possible by the reduction in car sizes going on in the U.S., which will make most of the cars sold there in the 1980s similar to those already on the roads in Europe and Japan.

GM's "world car" will, in the words of Mr. Alex Cunningham, vice-president in charge of GM's overseas operations, "be a vehicle which shares the same basic design and as many common or interchangeable parts as possible and which will compete successfully in the world's major automotive markets, modified and tuned to their particular requirements." GM's move also established that Spain will become an even more important part of the European automotive scene as that country pulls down the barriers which have previously protected the local industry and works towards full Common Market membership.

Another major event in 1979, the revolution in Iran, reminded the car industry that fuel economy must be firmly established at the top of its list of priorities.

The events in Iran certainly caused Ford of Europe to pause and think again about its expansion plans. These received considerable publicity when they moved into the political arena and Ford was being "courted" by governments in Spain, France and Austria, all anxious to win the jobs which would be created if the group set up a new facility.

The debate going on within Ford of Europe is about the timing of the capacity expansion needed to meet what it expects will be its share of future demand. The group still insists that there will be considerable growth for passenger vehicles in Europe over the next five and ten years at least. By the end of 1978 Ford should have decided whether it needs more capacity for the early 1980s, whether that extra capacity should be established by way of an expansion of existing plants or by the setting up of a new facility on a green-field site.

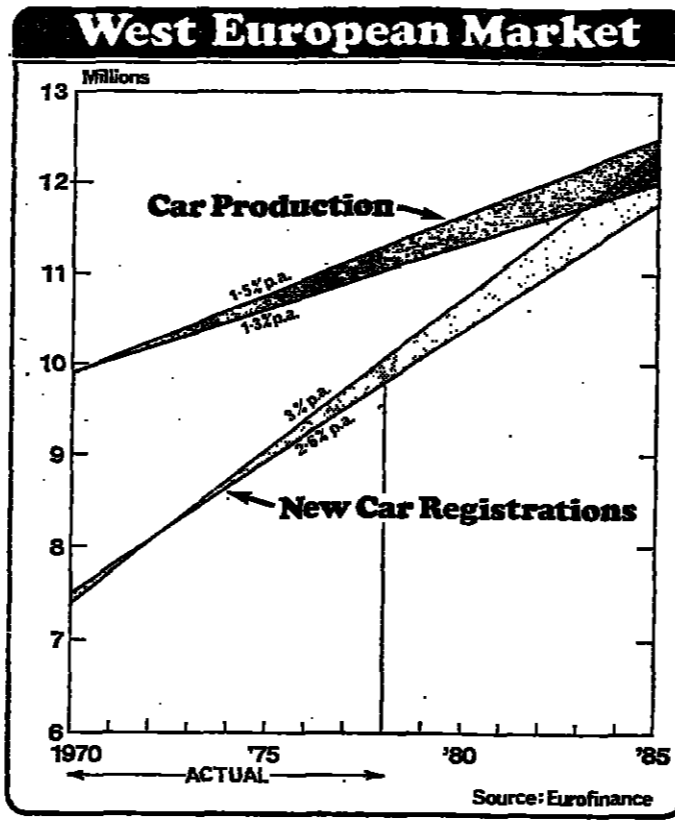
Global

Ford of America has its own "world car" programme and the European expansion project will, if it comes, have to fit into the Ford global picture.

The major European manufacturers have recognised that they must change their policies to meet the demands of the "world car" era.

For example, Fiat, always sensitive to the requirements of international markets—its position at home is so strong there is hardly any room for expansion in Italy—is in the process of setting up its own components supply network.

Fiat's output of components will be split between plants in Italy, Spain, Latin America and Poland and these countries will also assemble cars. This rationalisation programme—designed to turn Fiat into a "world car" producer in the 1980s—has been made possible by the group's recent acquisition of a majority shareholding in SEAT of Spain and by an accord with Poland ratified in June this



In all Fiat is to spend around \$800m over the next five years to rationalise production and renew its car range. Ecogonists in the industry currently are of the opinion that an automotive group must be producing at least 2m

vehicles a year to benefit substantially from potential economies of scale. Of course it is not essential for a group to move far from home base, or to set up a worldwide network, to reach this "magic" 2m. PSA Peugeot-Citroen of France achieved this objective

with the acquisition of Chrysler's European interests—the major industry event of 1978 but which did not take formal effect until January this year.

While the basic industrial logic of PSA's move is faultless, many people have questioned whether the Chrysler acquisition was the best way of achieving the 2m goal. And PSA has so far done little to quieten the doubters who suggest the group simply does not have the management resources to cope with the problems Chrysler Europe brought with it.

PSA intends to keep three separate "brands" in the market place—Peugeot, Citroen and Talbot (the new name for Chrysler cars). All three will develop their own distinctive models but will base them on a pool of common components.

The other point which has become clear in the past month is that PSA wants to build up the Dodge trucks business it acquired with the Chrysler interests. Dodge is working out a co-operative deal with Daf trucks of Holland which should result in them sharing the cost of "developing new components" or "might even encompass some marketing arrangements."

The benefit of this approach for PSA is that it will not require any major capital expenditure on Dodge in the short term at least. This is an important consideration because PSA has forecast that the former Chrysler Europe will be returned to profitability—but not before the end of 1980.

The kind of investment burden PSA faces was illustrated in July when it announced Pta 7bn (about \$47m) would be spent at the Chrysler plant in Villaverde, near

Madrid, to modernise it and help develop a new range of cars and trucks. Significantly, Chrysler Espana was the only unit in the Chrysler Europe network to make a profit last year and PSA is clearly convinced of its viability.

The main question mark over Chrysler's capacity remains the UK plants. The future of those facilities has not been helped by the long-running strikes this summer. PSA's neighbour in France, the State-owned Renault group, has its own "Iberian" strategy which will involve the integration of production in France, Spain and Portugal. Last November Renault signed an agreement with Portugal which effectively entrusts it with the development of that country's motor industry in a 50-50 partnership with the State.

Prospect

Renault is banking on Portugal's eventual membership of the EEC—a prospect which increasingly looks a long-term rather than short-term possibility. Renault is also one of the European groups overtly considering setting up a manufacturing base in the U.S., encouraged by the fact that the size of cars in that market is shrinking to European proportions.

This year the French group signed a deal with American Motors Corporation, smallest of the U.S. concerns, which gives it access to the AMC distribution network with the Renault 5—called "Le Car" in the States. By the end of 1979

Renault must decide whether to take up some of AMC's spare production space and start building the R 15 in the U.S.

Volkswagen of West Germany is already there of course. Its assembly plant at Westmoreland, Pennsylvania, has been open since April, 1978 and this year will turn out 200,000 Rabbits (known as the Golf in Europe).

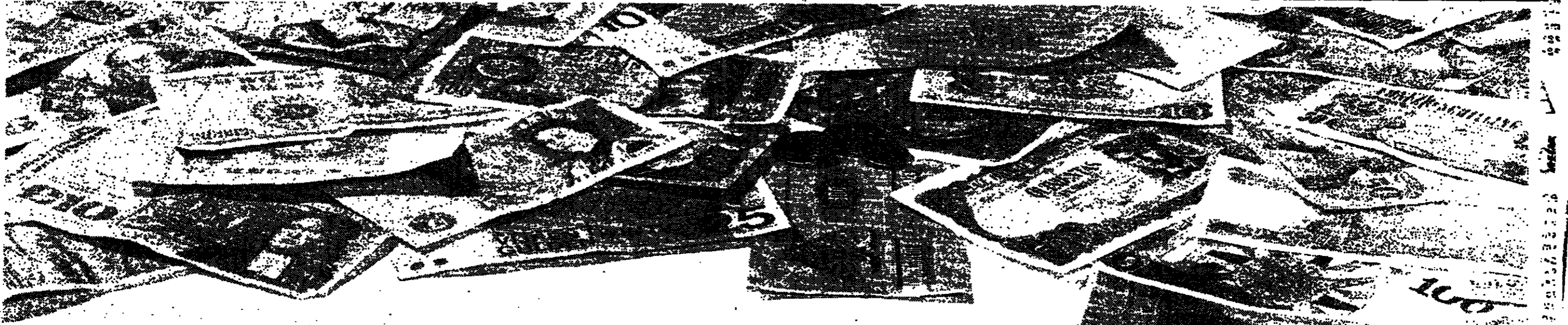
Like Renault, VW must make a decision about expanding further in the U.S. before the end of this year if it is to keep up with planned progress. The group has set a target of reaching 5 per cent of the U.S. car market—which would involve output of 500,000 a year—and can achieve it by 1984 only if a decision on a second assembly plant is taken quickly.

The company will also need a U.S. engine plant to make 1.6 and 1.8 litre engines. The most obvious solution would be for VW to set up a joint engine plant with Chrysler of the U.S. perhaps in some existing Chrysler facility. VW has begun supplying Chrysler with 300,000 engines a year for its Omni-Horizon "compact" car, and a joint project would relieve the pressures on both companies.

Chrysler wants more engines and VW wishes it didn't have to supply the American group with any at all.

However, negotiations have been held up by Chrysler's other, more pressing, financial problems. VW was forced to consider local production in the U.S. because the relationship between the D-mark and the dollar made it impossible to export built-up cars from Germany and sell them profitably.

CONTINUED ON NEXT PAGE



Lucas technology is a buoyant European currency

Throughout Europe, Lucas is recognised as a progressive influence in advanced automotive technology. Lucas manufacturing companies in the UK hold important contracts with most major European vehicle manufacturers and, last year, the company's direct exports to Europe totalled over £89 million.

In France, Germany, Italy, Spain and Holland, wholly or partly owned Lucas factories manufacture an extensive range of electrical, electronic, petrol and diesel fuel injection, braking and filtration equipment. And Lucas Service, with its network of specialised service and distribution outlets on the Continent, is an established feature of the European automotive scene.

Europe, like Britain, is vitally concerned with the problems of fuel conservation and emission control. Lucas is leading the way towards practical solutions through its UK research and development activities and is directly involved with continental car-makers in this pioneering work.

Beyond the automotive industry, Lucas European activity is equally dynamic, particularly in the Aerospace field. Lucas is involved in every European co-operative aerospace project and has built up important partnership manufacturing interests in France and Germany.

In so many ways, Lucas is a significant force in Europe's industrial economy.

Lucas

EUROPEAN MOTOR INDUSTRY II

Who's who among the manufacturers

FOUR OF the top ten motor groups in the world—measured in terms of the number of vehicles produced—are European.

The following list covers many of Europe's vehicle assembly groups but is by no means exhaustive.

Alfa Romeo of Italy. Alfa represents the State-owned part of the Italian motor industry.

BL (formerly British Leyland). BL Cars until recently had its operations split between two companies.

Austin-Morris turnover in 1978 was £1.18bn and it employed 46,000. Output was 378,511 vehicles.



The Austin Morris Mini celebrated 20 years of production this year. Since it was introduced more than 1.5m have been made.

between 900,000 and 1m a year as part of its future model policy BL is negotiating with Honda of Japan to jointly produce a mid-range car at the rate of about \$5,000 a year.

BMW (Bayerische Motoren Werke). In 1978 this West German group sold 311,320 cars it produced compared with production and sales of 296,000 the previous year.

Ford of Europe. Ford describes its European business as "the backbone of our overseas operations".

accounts for 151,540 (of which 124,421 are in Italy).

In Belgium the Ghent assembly plant, counted as part of Ford of Germany for corporate purposes, produced 283,755 cars last year.

General Motors. In Europe GM operates through two subsidiaries, Opel in West Germany and Vauxhall in the UK.

Peugeot-Citroen. PSA Peugeot-Citroen of France. Since the acquisition at the beginning of this year of the European interests of the Chrysler Corporation, PSA has been Europe's biggest car producer.

Renault of France. La Regie Renault is the car manufacturing division of the State-owned Renault concern.

Saab of Sweden. This is part of Saab-Scania, which makes aircraft and trucks (Scania) as well as passenger vehicles.

reached 959,202 cars; in addition, 110,211 component sets without engines were manufactured for export.

Vauxhall Motors' turnover (including truck production) in 1978 totalled £804.5m. It produced 84,032 cars at its assembly plants at Luton and Ellesmere Port.

Mercedes (Daimler-Benz) of West Germany. Daimler-Benz is Europe's biggest truck producer, but last year it also turned out 393,203 cars, a slight decline from the 401,255 achieved in 1977.

Peugeot-Citroen. PSA Peugeot-Citroen of France. Since the acquisition at the beginning of this year of the European interests of the Chrysler Corporation, PSA has been Europe's biggest car producer.

near Paris. Chrysler's assembly plants are at Poissy near Paris, Linwood, Scotland, Ryton near Coventry and Villaverde, near Madrid.

Between them the three concerns employ about 230,000. PSA's policy will be to keep the three individual car companies operating through different marketing channels.

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main assembly plant is at Trollhattan and there is another small facility in Finland.

For the future Saab is to cooperate with another small European manufacturer, Lancia of Italy and between them they will develop a pool of components to be used for cars in both their ranges.

SEAT (Sociedad Espanola de Automoviles de Eurisimo) of Spain. SEAT is Spain's largest car maker.

Volvo Car Corporation. The Volvo Car Corporation contributed more than SKr 10bn (£1,068m) in 1978.

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West German authorities own 20 per cent of VAG.

VAG is unusual in that nearly all its DM 29bn (£7,250m) turnover came from car sales last year.

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Kenneth Gooding

THE WORLD'S LEADING 50 MOTOR VEHICLE PRODUCERS

Table with columns: Rank, Company, Country, Cars 1978, Trucks & Buses 1978, Total 1978, Total 1977. Lists top 50 manufacturers like General Motors, Ford, Toyota, Nissan, Volkswagen Group, etc.

Source: Automotive News Market Data Book

Fiat, OM, Lancia, Unic, Magirus-Deutz. Five European manufacturers investing their research in Iveco.

Five years ago Fiat, OM, Lancia, Unic, Magirus-Deutz united to form Iveco. Working as one, with far greater resources for research, they combined their traditions, facilities and technological know-how.

The value of research. Iveco quality begins in the laboratory. In Turin and Ulm, in the wind tunnels at Orbassano, on the test tracks at La Mandria, Nardò, Trappes and Markbronn.

Invaluable experience. Iveco means experience. On long hauls. On the roads and construction sites of every continent. In Siberia, helping to build the Baikai-Amur-Magistrate railway.

IVECO A world of experience

Working

CONTINUED FROM PREVIOUS PAGE

in the US. And any European group aiming to capture a decent share of the American market must be thinking along similar lines.

So the indications are that car production in Europe will grow at a much lower rate than sales. The consensus of opinion among the European manufacturers is that sales should grow at around 2.5 to 3 per cent a year.

The difference will be accounted for by fewer exports (cars made by VW in the States are "lost" as far as the German trade balance is concerned) and a higher level of imports from the US, Japan and developing automotive industries like that in Korea.

There is already over-capacity in Europe's car assembly business and the low level of expected growth in output is exacerbating the problem.

As GM's move into Spain shows, though, there will be new plants built in the 1980s. Many of the existing facilities are out of date or in the wrong place and of no attraction to multinationals like Ford and GM.

Apart from the uncertainties about demand for the next year or so—Ford for example estimates that sales in the major European markets will next year drop below 10m from around 10.5m in 1978—there are the problems of deciding what kind of cars will be most in demand in the 1980s.

The fuel supply problems this year resulted in a decided switch away from bigger cars. Using Ford again as the example, the group estimates

that there will be a 2-3 per cent fall in sales of new big cars in Europe next year ultimately reflected in a similar increase in demand for small ones.

Ford is, so to speak, putting its money where its mouth is by cutting production of its big Granadas at the Cologne plant in West Germany by 50,000 a year and replacing them with small Fiestas.

The need for more fuel-efficient cars has resulted in the European manufacturers pulling forward new model programmes so that the next generation of vehicles—which will also be safer and less likely to pollute the atmosphere as well as less thirsty than current cars—can be put on the road all the more quickly.

Daunting

But the cost of doing this is daunting even to the profitable companies. The figures we have heard recently include:

● Fiat's 85bn (£209m), as already mentioned.

● Ford will spend £2.5bn on new and improved car, truck and engine developments between 1979 and 1985—and this does not include any provision for new manufacturing capacity.

● Daimler-Benz is spending £1bn by 1983 to bring a new "small" Mercedes on to the market by 1983.

● Volkswagen has a £2.25m world-wide expansion programme.

● And BMW, by no means one of the industry's giants in volume terms, will spend around £750m over the next three to four years to renew its range and modernise production capacity.

panies which are not making adequate profits. As M. Jean Parayre, head of the PSA group, commented earlier this year "This industry is pitiless to the weak."

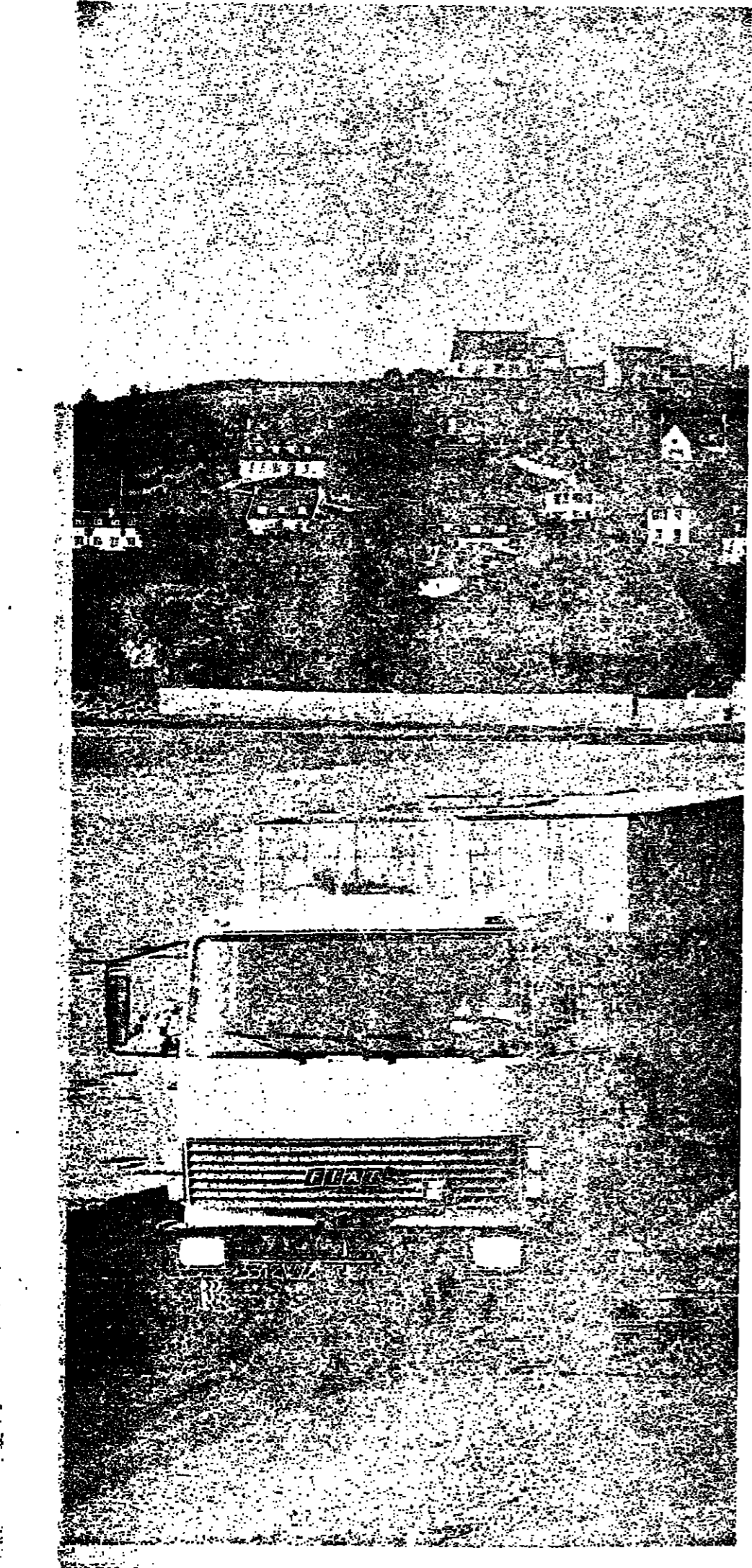
The pressures are forcing the smaller and weaker companies to band together for protection, in particular to search for joint ventures to cover the tremendous costs of developing new components and vehicles.

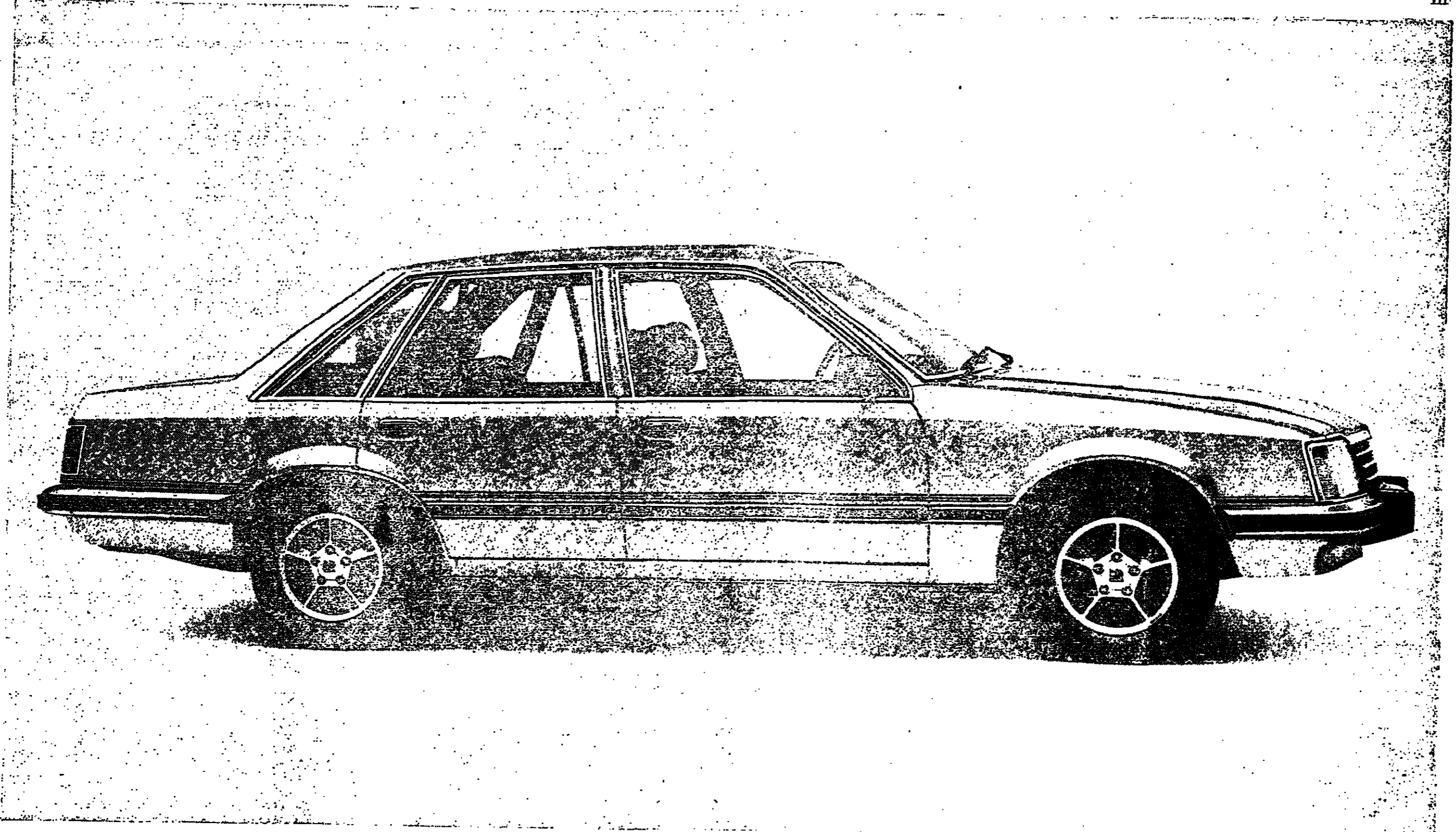
Alfa Romeo, the State-owned Italian group, publicly claimed last month that this is the course it wishes to follow. Saab of Sweden and Lancia of Italy recently signed an agreement to work together jointly to produce components which will be used in their future car range (Lancia already has a "big brother" in that it is a Fiat subsidiary. But there is more of an affinity between the style of cars produced by Saab and Lancia than by Fiat and Lancia.)

Perhaps the most controversial joint project of them all so far is the one proposed by BL of the UK and Honda of Japan, companies of about equal size in terms of car production. The idea is that BL should assemble a medium-sized car, Honda design. But many of its competitors are worried that this might be the prelude to closer contacts and possibly to first Japanese manufacturing venture in Europe.

BL has done nothing to dispel the fears and Mr. Ray Horrock, chairman of BL Cars, said recently of the Honda deal "This is the start of a relationship."

It could be that BL and Honda might between them stage one of the industry's main events of the 1980s.





Have you noticed how luxury, like beauty, is often only skin deep?

If you're easily seduced by thick carpets and comfy seats, there are any number of 'luxury' cars to choose from.

If, however, you believe there's more to luxury than meets the eye (or for that matter, the posterior), the list of candidates rapidly shrinks.

Two cars that bear closer scrutiny are the Vauxhall Royale Saloon and Royale Coupé.

Their distinctive looks owe as much to the science of the wind tunnel as to the art of the designer.

Both cut through the air with the minimum of turbulence and, as a result, with minimal wind noise.

A tapered, sloping bonnet and, below the bumper, an air dam reduce aerodynamic lift at speed and underline

the cars' remarkable stability and impressive roadholding.

Even the door mirrors are specially contoured to deflect spray and dirt away from the side windows.

Road noise, too, is suppressed not just by layers of insulation, but by the suspension itself.

Springs and shock absorbers, for example, have been

Luxury is built in, not bolted on.

mounted closer to the wheels than is customary.

They react faster and more effectively to the smallest movement and successfully iron out those irritating small bumps that can be so intrusive.

While the bodywork itself has a natural resonance too high to be excited by road vibrations.

The engine, a silky 2.8 litre 140 bhp six-cylinder unit, is additionally steadied by two diagonally positioned hydraulic dampers for further smoothness.

And automatic transmission is, of course, standard on both cars (with manual available at no additional cost).

Inside, the Royale is one of the few cars that allows the driver to achieve not just a good driving position, but the ideal one.

You can adjust the driver's seat for height, as well as for reach and rake and the steering wheel is tiltable.

As you'd also expect, the steering is powered.

Examine a Royale at your nearest Vauxhall dealer, and don't simply be seduced by the lavish specification.

You'll find it's one of the few cars where luxury is more than just a question of appearances.

AIR CONDITIONING IS THE ONLY OPTIONAL EXTRA AT £794. SALOON £9,711, COUPÉ £10,069. PRICES, CORRECT AT TIME OF GOING TO PRESS, INCLUDE CAR TAX AND VAT. DELIVERY AND NUMBER PLATES EXTRA.



VAUXHALL  ROYALE

EUROPEAN MOTOR INDUSTRY IV

FRANCE

Pause at the peak

SINCE 1975, French car sales have gone steadily upwards without any serious setback. They are still heading in the same direction, but the curve is now beginning to flatten out and the question being asked is whether they will begin to go into reverse this winter.

The warning of generally lower sales in Europe next year, voiced strongly by experts at the recent Frankfurt Motor Show, may be extremely relevant to the situation in France.

The reasons for caution about the next 12 months are partly based on the feeling that the market cannot hold up for ever. New and near-new cars are commonplace in France; in a big city like Paris it is not easy to spot really tatty old cars on the streets any more. The pace of replacement is likely, therefore, to stagnate sometime soon, while the overall ownership rate has risen so quickly that not many new owners can be added into the market.

At the end of last year, France's car stock had risen to 17,730,000, compared with 17m the year before, and 11,670,000 10 years earlier.

The second problem facing the industry is the general decline

in consumer buying. The car industry has so far held up much better to the belt tightening which has been going on in France since about March than almost any other consumer sector. But can this last?

The summer has brought an avalanche of rising prices, from increased social security payments, to higher rents and heating charges. At some stage consumers will have to reduce their expenditure on cars, and this is more likely to come after the almost sacred summer holiday period than before.

These financial factors are one of the reasons why the motor manufacturers have been growing very hot under the collar about higher charges for the car owner: the increasing price of petrol, which has gone up by about 30 per cent since the beginning of the year to over FRF 3 per gallon, and the proposed rise in the annual vehicle registration fee. Manufacturers of larger cars are particularly incensed about the differential rates which will be charged on bigger engines when the new rates come into force, but the general hoist can also be expected to cast a depression over the industry.

	June 1978	June 1979	Variation	Jan-June 1978	Jan-June 1979	Variation
Production	270,195	283,159	+4.8	1,659,430	1,716,717	+3.5
Exports	137,223	141,292	+3.0	839,757	875,757	+4.3
Registrations	183,949	182,234	-0.9	1,038,952	1,065,098	+2.4

A third factor on the debit side is the obvious problem still facing PSA Peugeot-Citroen in its attempts to absorb Chrysler Europe (now called Talbot). Quite apart from the group's difficulties in the UK, where Talbot workers have closed the factories with a two-month long strike, the company has been losing money in France and has had to cut back production from 263,000 vehicles in the first six months of last year to 216,000 in the same period this year.

The Nigerians are also, it seems, interested in increasing the number of locally-made parts going into the Peugeot cars, which are now being produced at the rate of about 35,000 a year at Kaduna. The authorities have given Peugeot until the end of September to find a solution but, whatever the result, it is clear that the French company will not have quite such a privileged position in the market as before. Last year, for example, the screws were put on the group's direct exports of built-up cars from France, to bring down the total to 3,000 from 28,000 in 1977.

A more general criticism of the French industry at present comes from some analysts who feel that the domestic manufac-

turers are less well placed to ride out the next market depression in Europe than their German competitors. This view probably owes something to the current envy in France of the German industrial system, which is frequently cited as the model that France should be following. But it is also based on the feeling that the German companies, particularly Mercedes and BMW, are better placed in the luxury saloon market, which suffers less during a slump and which has higher profit margins. Even Volkswagen is better placed than the French producers because of its Audi division.

The other side of this argument, however, is that the French possess an industry which is already exceptionally well adapted to the energy crisis. Although the average engine size in French cars has been growing steadily over the last few years, it is still only about 1.3 litres, and there is much less mystique about large vehicles in France than elsewhere. This ought to give the French a good position in a world which is looking for energy savings and, indeed, has probably helped produce the rise in exports this year.

This vitality in overseas markets is proof of the vigour of the French search for export outlets over the last 10 years. Led first by Renault, but followed by Peugeot and Citroen, who began to move seriously in the rest of Europe at the beginning of the 1970s, the French now have reasonably comprehensive distribution networks within the EEC area. Renault in particular has consolidated its position in continental Europe and is now concentrating on establishing a stronger base in the UK.

Outside the EEC, the main French effort over the last few years has been in Spain and Eastern Europe. In Spain, a country in which the French have taken a particular interest in the last few years for both political and industrial reasons, both Renault and Citroen are well established. In addition, the PSA group has added its interests with the takeover of the local Chrysler subsidiary. In Portugal, it is Renault which has been chosen as the main vehicle for expansion of the country's motor industry.

France's position in Eastern

Europe is very largely due to Citroen, which has pursued a policy of either supplying licences of existing models or designing special vehicles for overseas manufacture. The deals are varied, some based purely on licensing, others on the supply of components, but they mean that the French now rival the Italian Fiat group as the leading industrial collaborators with Comecon.

Exports have continued even more strongly this year, rising by a total of 4.3 per cent over the first six months from 840,000 vehicles to 876,000. At the same time, output of cars made from kits overseas has gone up by 1.3 per cent from 263,000 to 267,000.

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France's position in Eastern

BRITAIN

Looking at the record

THE CONOCO-JET oil company, with a well-intentioned attempt to encourage UK motoring journalists to stop constantly sniping at their home manufacturers, has offered a prize this year for the writer who produces an article "which gives a constructive view of the (British) industry's ability to fulfil its role as an export-earner, justifying the confidence of the public and having regard for the high levels of investment."

Let us look at the record so far this year and see what can be done.

To start with, there is BL, Britain's last foothold in volume car manufacturing. The year did not start too badly. Sir Michael Edwards' reorganised management structure so that it was more responsive and flexible.

Unfortunately, the BL management has had to respond to unfavourable events. Shaken by its failure to retain UK market share—which in 1979 will now probably be 20 per cent instead of the hoped-for 25 per cent—and by the fall in the value of the dollar compared with the pound, thus weakening the group's export potential, the management has opted for further draconian measures.

In particular there are a further 25,000 jobs to be eliminated on top of the 14,000 already scheduled to go under the terms of the productivity scheme. More plants are to close, leaving BL with a nominal capacity of between 900,000 and 1m cars a year.

On the positive side the group has brought forward its new car programme—but that won't make any impact in the market place until late next year with the introduction of the Mini Metro.

There is more to the UK industry than BL alone, of course. And what of those companies with British bases, but with overseas owners? At Vauxhall Motors this year, a West German, Herr Ferdinand Beickler, was appointed president and managing director. This put the final touches to a programme which stripped the British manufacturer of any responsibility for car development.

Vauxhall is owned by General Motors of the U.S. and GM decided some time ago to give its German subsidiary, Opel, the responsibility for developing cars for Europe. Now, disgruntled with Vauxhall's production record, GM has posted in Herr Beickler (who started as an apprentice with Opel in 1937), to sort out the problem, if he can.

This was also the year when Sir Terry Beckett, Ford's UK chairman, said in public what he had long been suggesting in private—that, for some reason, the British workforce is not suited to the job of assembling cars in volume.

Both GM and Ford complain that their UK car assembly plants are not reaching anything like nominal capacity. They argue: how can we consider any further expansion of capacity in Britain?

which have dented the production record this year.

The hauliers' dispute early in the year prevented vital components reaching some car plants, resulting in cut-backs in output.

The industry did very well in the early summer months to make up for that set-back. But this autumn it has been bedevilled by the national engineering dispute which, once again, has given component supply problems.

As a result, some knowledgeable observers reckon that Britain's car output will fall a further 3 per cent this year to around 1,700,000. Last year's 730,000 represented a 3 per cent decline from the 1977 level.

All this has happened at a time when demand for new cars in the UK has been extremely buoyant.

Jumped

In 1978 registrations of new cars jumped 20 per cent to 1,592m. This year, many people in the industry confidently expect new car sales to top the record set in 1973 and reach 1,685m (up another 6 per cent).

The gap between UK output and UK demand has been filled by imports.

In the first eight months of 1979 the importers' share of the UK market reached 55.8 per cent. In August alone, the record monthly level was achieved—58.4 per cent of all new cars registered were imported.

The major influence has been Ford's ability to supply because it has structured assembly on a Europe-wide basis. Although its UK plants were often plagued by production troubles, Ford could bring in Cortinas from Ireland, Belgium and Germany, Granadas and Capris from Germany and Fiestas from Spain and Germany.

By the end of August, 49.4 per cent of all new Fords registered in the UK had been imported or 179,046 out of 362,426 cars. Ford had imported more cars in eight months than all the Japanese importers in a full year.

There have been some in the UK industry who argued that the growing complexity of the car business where, for example, a casting for an engine-block might be imported to the UK to be made up into an engine that will be exported to go into a vehicle finally assembled in Spain and then sold in Britain, means we should forget about where the cars are assembled and, instead, concentrate on the overall automotive balance-of-payments figure.

Sad to say, that criterion shows dramatically the parlous state of the UK industry in 1979. It is very likely that, for the first time, Britain will go into the red on its automotive trade with the rest of the world.

In the first six months of 1979 the trade deficit was £200m compared with a surplus of £483m in the same period of 1978 and £1,332m in the first half of 1977.

Exports in the first six months of this year were 3 per cent down on the same period a year before at £2,049m. Imports were 40 per cent up at £2,240m.

And the biggest change was in the trade in cars while imports were down 13 per cent on last year while imports were 53 per cent up.

Next year the pressure should ease because demand is expected to fall—the general view is that there might be an 11 per cent drop to around 1.5m new car registrations.

But, while that is good news on the balance of trade front, it does not leave the UK car makers feeling particularly happy about prospects for 1980. All in all it looks as though Conoco's timing could hardly have been worse, even for someone determined to look on the bright side of any situation. Still, the winning article, when it appears, should make interesting reading.

Threatens

UK car output has indeed been at a very low level this year and threatens to be even worse than in 1978 when the nine-week strike at Ford adversely affected production.

A contributory factor has been the long-running dispute at Chrysler UK—sorry, Talbot UK. The company first suffered production dislocation when the Iran crisis halted output of the car kits it sends to that country for local assembly—a 100,000-kits-a-year contract.

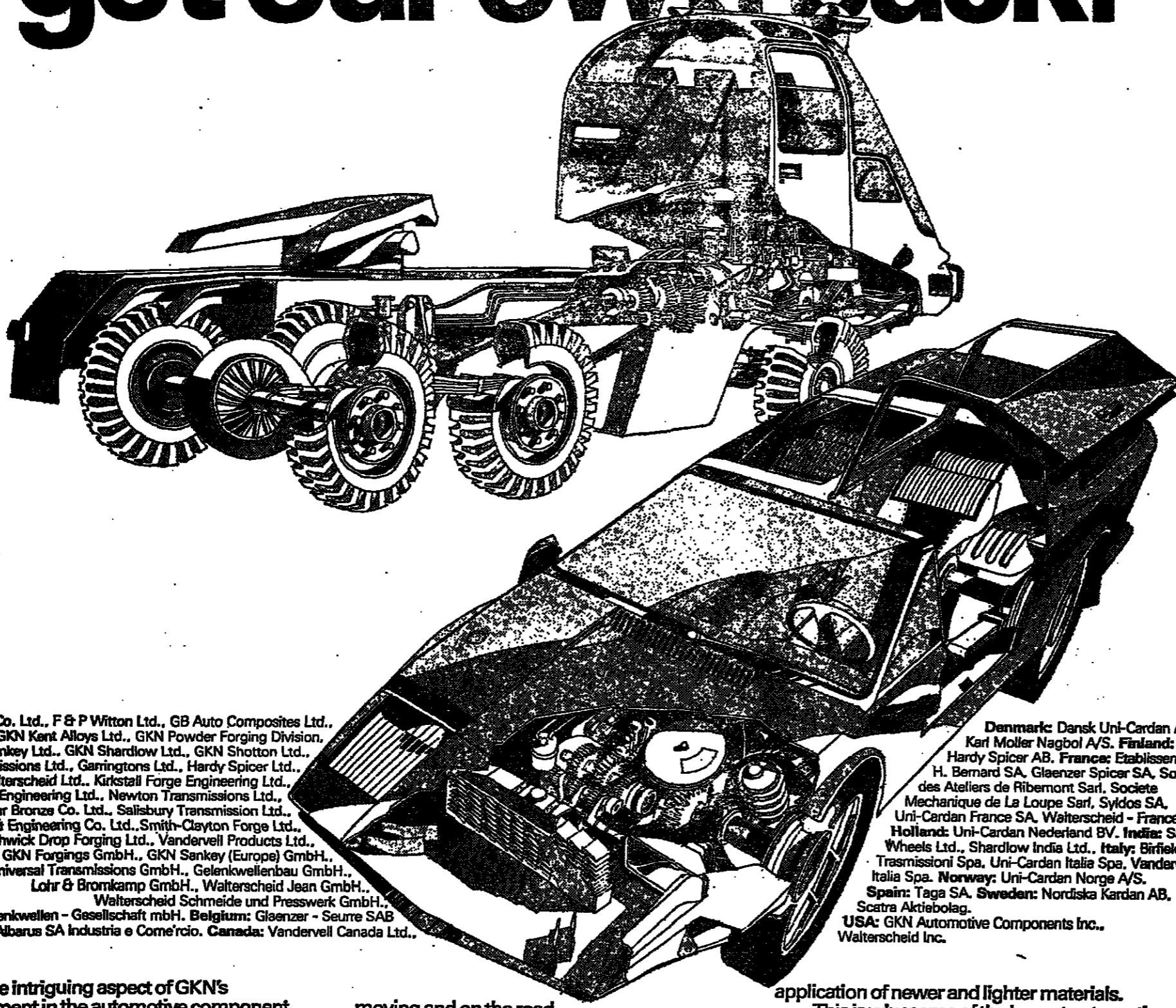
Just as the Iranian problems eased, the current pay dispute began.

The Chrysler UK employees were warned that the new parent company, PSA Peugeot-Citroen, would have to consider plant closures if the dispute had dragged on much longer.

It has not just been disputes within the car industry itself

Terry Dodsworth

One way or another, we usually get our own back.



UK: BRD Co. Ltd., F & P Witton Ltd., GB Auto Composites Ltd., GKN Axles Ltd., GKN Kerit Alloys Ltd., GKN Powder Forging Division, GKN Sankey Ltd., GKN Sharrow Ltd., GKN Shotton Ltd., GKN Transmissions Ltd., Garringtons Ltd., Hardy Spicer Ltd., Hardy Spicer Walterscheid Ltd., Kirkstall Forge Engineering Ltd., Laycock Engineering Ltd., Newton Transmissions Ltd., The Phosphor Bronze Co. Ltd., Salisbury Transmission Ltd., Scottish Stamping & Engineering Co. Ltd., Smith-Clayton Forge Ltd., Smethwick Drop Forging Ltd., Vandervell Products Ltd., West Germany: GKN Forgings GmbH., GKN Sankey (Europe) GmbH., GKN Universal Transmissions GmbH., Gelenkwellenbau GmbH., Lohr & Bromkamp GmbH., Walterscheid Jean GmbH., Walterscheid Schmiede und Presswerk GmbH., Austria: Gelenkwellen - Gesellschaft mbH., Belgium: Glanzer - Saurer SAB, Brazil: Alburus SA Industria e Comercio, Canada: Vandervell Canada Ltd.,

Denmark: Dansk Uni-Cardan A/S, Karl Moller Nagbol A/S, Finland: Oy Hardy Spicer AB, France: Etablissements H. Bernard SA, Glanzer Spicer SA, Societe des Ateliers de Ribemont Sarl, Societe Mechanique de La Loupe Sarl, Sydlos SA, Uni-Cardan France SA, Walterscheid - France Sarl, Holland: Uni-Cardan Nederland BV, India: Francis Wheels Ltd., Sharrow India Ltd., Italy: Bifard Transmissori Spa, Uni-Cardan Italia Spa, Vandervell Italia Spa, Norway: Uni-Cardan Norge A/S, Spain: Tapa SA, Sweden: Nordiska Kardan AB, Scatra Aktiebolag, USA: GKN Automotive Components Inc., Walterscheid Inc.

One intriguing aspect of GKN's involvement in the automotive component business is that many of our export products have a curious way of being re-imported. As an integral part of fully assembled vehicles.

From our base in the U.K. we were amongst the first to become truly European and now have over 30 companies involved in quantity production of components.

Whether in the form of giant axles for earth moving equipment or light-weight con-rods for high performance motors—GKN engineer many of the components that keep your vehicle

moving and on the road.

GKN automotive companies in the U.K., West Germany, Denmark, Finland, France, Italy, and Sweden all have a common philosophy: we manufacture to the highest technical specifications—and we deliver.

Our customers acknowledge our proven manufacturing ability. Yet we are not complacent. We have a clear picture of the future and have already pioneered many innovations including front-wheel-drive systems; as well as researching and testing the

application of newer and lighter materials.

This is why some of the largest automotive companies throughout the world take advantage of our know-how.

They realise that buying GKN is a successful combination of engineering thoroughness and the best of European technology.

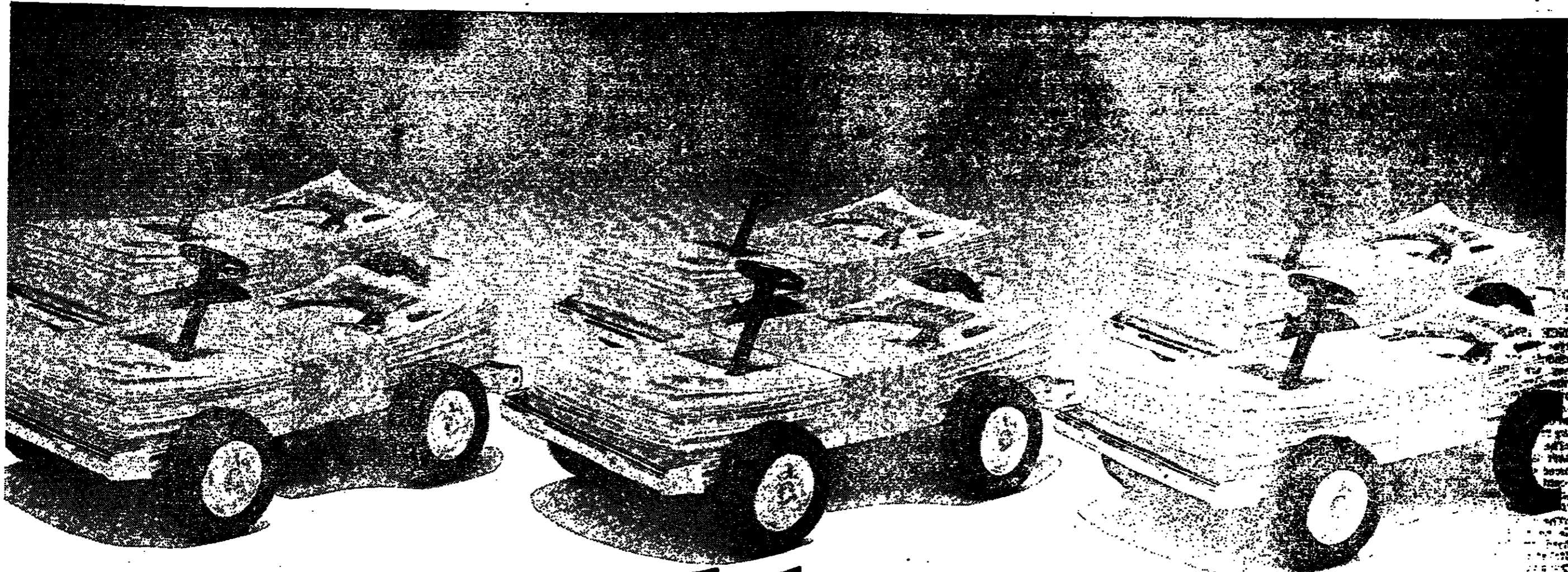
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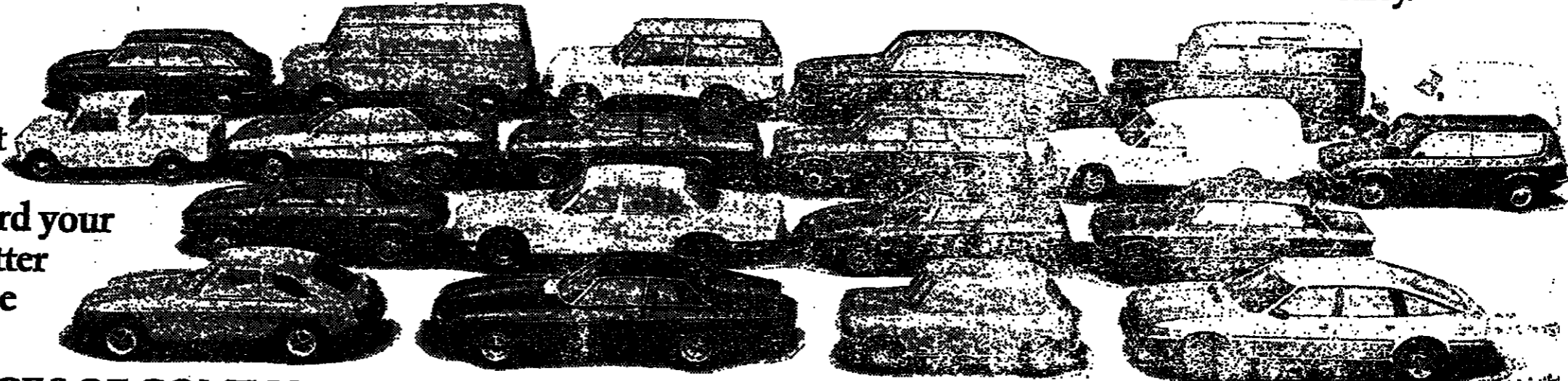
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EUROPEAN MOTOR INDUSTRY VI

WEST GERMANY

Orders begin tailing off

WEST GERMANY'S powerful car industry has enjoyed four years since 1975. Domestic demand has surged upwards...

To-day, however, there are clear signs that the car boom has passed its peak. Home orders, which have underpinned the industry's production since the post-1973 recession, have started to thin out...

Germany's car makers have been hit hard by the hefty appreciation of the Deutsche Mark against most of the other world's leading trading currencies...

Cyclically

Herr Toni Schmuecker, chief executive of Volkswagen, West Germany's largest car maker, contends that the industry in the Federal Republic is entering a new phase...

Some observers, however, claim that it is still too early to say that the West German car industry is entering a deep recession...

According to the Munich-based IFO economic research institute, retail demand will fall sharply in 1980...

Be that as it may, the car manufacturers have considerable cause for satisfaction in the industry's performance since 1975...

However, domestic demand has played an increasing role in the industry's prosperity. Domestic registrations have risen from 2.1m units in 1975...

Experts are predicting the decline could exceed 10 per cent.

Output during the first eight months of 1979 is up by about four per cent on figures for the comparable period of last year.

In July and August, traditional holiday months, the increase was only one per cent over the previous year's performance.

Increased exports will be needed therefore if the industry is to maintain its production levels.

Germany's car makers have been hit hard by the hefty appreciation of the Deutsche Mark against most of the other world's leading trading currencies...

In 1978 West German motor manufacturers paid an average of DM 24.44 per man hour. This compares with the equivalent of DM 24.73 in Belgium...

As with all other industrial sectors in the Federal Republic, motor manufacturers acted swiftly to rationalise production, eliminate bottlenecks and speed up production...

Opel withdrew from the market a few years back and is showing no signs of re-entering it, although executives say that it is keeping its options open.

So the fact that the industry has achieved stagnation in its exports should be viewed as something of a triumph.

Instead of competing purely on price, they have been seeking to offer the consumer high quality, coupled with the latest in technological innovation.

Even so, the industry is likely to face increasing pressure in its vital domestic market.

tionally most of the competition has come from European Economic Community countries such as France and Italy...

This year the Japanese have edged the Italians out of second place in the imports league and are rapidly building up distribution and maintenance outlets.

There is little doubt that this is causing concern to West German car makers, who had been happily free of Japanese competition until a couple of years ago.

Chief of these is speed restrictions on West Germany's autobahns. The Federal Republic is one of the few countries in Europe not to have restricted speed on motorways...

However, the car makers have pointed out that imposing speed restrictions on the autobahns will produce only minimal savings in fuel...

Opposed

They are opposed to speed restrictions, they say, because it is high-speed motoring which has provided both the incentive and the means by which they are able constantly to upgrade the technology and quality of their products.

There is much truth in what they say. For a start, one of the reasons that the German motorist is so attached to domestically produced cars is that they are built to be capable of sustaining very high speeds over long distances.

To abandon the freedom of the German to drive as fast as he likes on the Federal Republic's autobahns would mean that many of the country's motorists would perhaps start looking at slower moving though cheaper foreign products.

Guy Hawtin Frankfurt Correspondent

EUROPE'S TOP CARS 1978

(unit sales)



1st Fiat 127 408,981

2nd Volkswagen Golf 400,909

3rd Renault R5 376,212



4th Ford Cortina/Taurus 371,316

5th Ford Fiesta 346,138

6th Opel Ascona 292,660

ITALY

Tale of missed opportunities

FOR FIAT in particular, and for the other smaller Italian car manufacturers as well, 1979 may well go down as the year of the missed opportunity.

In retrospect, the first half of this year is likely to be seen as the end of Italy's (and, indeed, Western Europe's) current industrial boomlet.

Yet Fiat, which accounts for nine-months of overall Italian car production, has in many respects missed the boat.

In his half-term report to shareholders in July, Sig. Giovanni Agnelli, Fiat's chairman, declared that the 1.6 per cent increase in group output...

Fiat itself managed a fractionally larger slice of the home market (expected to grow to 1.45m units in 1979, the fourth largest in Europe) but the share of both Lancia and Autobianchi dropped back...

able to meet demand. Alas, though, they were not.

The main culprits, according to Sig. Vittorio Ghidella, managing director of Fiat Auto, are three incessant disruptions at Fiat plants in the run-up to the new wage contract agreement in the engineering industry.

This year consolidated sales of the division, including the important operations in Spain, Argentina and Brazil, are expected to reach around 1.85m units, for a total turnover of L6,000bn (\$7.5bn).

Fiat, though, is in comparative financial health compared with the only other Italian car maker of international consequence, the state-owned Alfa Romeo.

lost L126bn (\$155m), largely as a result of the troubles plaguing its Alfa-Sud production plant in the south, near Naples.

At last month's Frankfurt Motor Show, Sig. Ettore Massaccesi, Alfa's chairman, forecast a return to profitability in four years.

The Turin Group at the outset denied that it had been holding talks with Alfa, and indeed, every objective consideration would argue against close involvement.

For all the vast discrepancy in their size, the fundamental problem facing both Fiat and Alfa is the same—that of scale.

What set the cat among the pigeons was an interview by none less than the IRI chair-

man, Sig. Pietro Sette, in which he appeared to hint that the company might be sold off to Fiat or a foreign rival.

Just who that partner (or partners) might be, and what form the co-operation might take, remains to be seen.

Alfa's essential need is for economies of scale that can only come, in its case, from a link with another group.

Earlier this year, Fiat signed a deal whereby it would eventually take full control of its Spanish associate and in June it concluded an ambitious co-operation agreement with Poland, whereby the latter will supply Italy with Fiat 128s.

In terms of cash, the group is planning a five-year spending programme worth \$5bn, while after something of a hiatus, since the arrival of the 127, new models are again being launched.

All this leaves the group cautiously hopeful that it is on the right track for the next few years, when it expected overall market growth to be only 2 to 3 per cent a year.

Rupert Cornwell

SWEDEN

Contrasting strategies

AFTER THE traumas of their aborted merger attempt in 1977 and Volvo's failure to bring in Norwegian capital in 1978, Sweden's two automobile makers have come back with a vengeance this year.

The short-term perspective is sunny. The mainstay of both has been their highly profitable heavy truck operations which continue to churn out the bulk of group profits.

Yet the cloud on the horizon has not been dispersed. This year's gains, however impressive, have been made from a low level, and it will be difficult to maintain the profit growth.

The fundamental question for the Swedish automobile industry remains unanswered. Can Volvo and Saab-Scania generate the capital resources to finance the next generation of cars they will need to compete successfully against rivals with larger production runs and more solid financial bases?

Aborted

The most fascinating aspect of the Swedish scene is that, having turned their backs on each other after the aborted merger, Volvo and Saab have adopted totally different strategies to secure their futures on the world car markets.

Both strategies have scored initial success but the long-term validity of each remains to be proved. And at their backs, the boards and managements of both groups cannot but be aware, is the unsatisfied conviction of many political and union leaders that only merger and state intervention can solve the industry's long-term problems.

In the meantime the companies can take some heart from this year's narrow election victories for the non-socialist parties and even more from their own trading figures.

pared with the corresponding period of 1978, and 1979 production is scheduled to reach 325,000 units, the highest in the company's history.

The change in the fortunes of Volvo cars can be dated to the devaluation of the krona in August, 1977. Volvo passed the full benefit of that devaluation to its customers, accepting a lower profit margin in the short-term in the expectation of achieving larger sales and better utilisation of its production capacity.

At the same time it tightened up production controls and introduced small improvements to its models to erase the technical defects which had started to tarnish the Volvo quality image.

The sales figures justify the approach. From 241,400 in 1977 the number of cars sold reached 284,900 in 1978, while 167,000 were sold in the first half of 1979.

of this year, and it boosted its overall share of its 16 largest national markets by 20 per cent.

With output approaching 325,000 cars a year, Volvo is nearing capacity and the management is not budgeting for any further increase in 1980. It hopes, however, to continue the profit growth next year, mainly by curbing the losses of Volvo Car BV the Dutch company which makes the medium-sized 343s.

The importance of Dutch state support for Volvo's whole car operation over the past two years is illustrated by its profit breakdown. In 1977 the car operation made a pre-tax loss of SKr 195m after receiving a Dutch state grant of SKr 195m.

The introduction of the new gearbox to the 343 model and the phasing out of the small 66 model have bettered the performance of the Dutch factories this year.

CONTINUED ON NEXT PAGE



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EUROPEAN MOTOR INDUSTRY VII

SPAIN

Set to join the major producers

CURRENT AND planned investment in the Spanish car industry will over the next five years raise Spain to the ranks of one of Europe's major producers.

At the same time, the vestiges of Spanish equity control will have disappeared. The Spanish car industry will be a wholly multi-national affair.

Such developments have been on the cards for some time, but at least four factors have acted as a catalyst.

First, the major U.S. multinationals have now concluded that Spain offers the prospect of sufficient domestic stability to justify a major investment commitment.

Secondly, the long-term growth prospects of the Spanish market do offer sufficient potential to be attractive.

Thirdly (and most important of all), the prospect of Spain's entry into the European Economic Community means that, sooner or later, existing restrictive legislation must be liberalised.

The Spanish Ministry of Industry has in conversations with the manufacturers indicated that they are anxious for an early liberalisation.

To survive, SEAT had to be restructured and logically could only be restructured with Fiat taking full control since it already supplies the technology and had 34 per cent of the equity.

Fiat's agreement was a commitment by the government to liberalise.

Fourthly, Spain is relatively well-placed geographically to act both as a launching pad for supplying the European market as well as overseas markets in the Middle East and Latin America.

Arguably, the most significant development has been the decision by GM to invest \$1.5bn out of new \$2bn European investments in Spain.

Absorb

At one stage, the Government had hoped to persuade GM to site the entire plant in this depressed area of southern Spain.

Saragossa also had the advantage of having a relatively unionised labour force.

The Government is providing 10 per cent of the cost of Saragossa in the form of subsidy and 10 per cent in soft credit.

This was as far as the Government felt it could go in encouraging the deal—in addition to making further encouraging statements on the dismantling of restrictions.

Interestingly, Ford, which already has a major investment in its Fiesta plant at Almusafes, near Valencia, found inadequate Government terms for aiding an expansion of its activities.

major turning point for the industry. It followed almost a year of intense study by SEAT management and experts from the Turin-based group.

GM has still not finalised its location at Saragossa but production is anticipated to begin by 1982-83, around the time when Spain is due to join the EEC.

Until now, the SEAT 127 has been the sole model with such a production level.

The Fiat agreement marks a major turning point for the industry. It followed almost a year of intense study by SEAT management and experts from the Turin-based group.

needs to recoup customer confidence, which has switched to newer and more advanced models produced by Chrysler, Renault, Citroen and Ford.

Ford was limited in its domestic sales by a ruling that no more than 10 per cent of the previous year's total registrations could be sold in Spain.

Both overall production and sales this year have been flat—reflecting the recession in the Spanish economy.

Initial reaction to the introduction this summer of the Ritmo has been favourable.

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The Fiat agreement marks a major turning point for the industry.

Table with 6 columns: Year (1978, 1979), Domestic Sales, and Exports. Rows include Chrysler/Talbot, Citroen, Fasa/Renault, Ford, SEAT, and TOTAL.

manufacturers do not foresee any substantial alteration in this trend for the year as a whole, nor for the early part of 1980.

Some of the slack in the domestic market has been absorbed by switching to exports.

Spain's principal exporting company. But Ford production has been affected by labour problems.

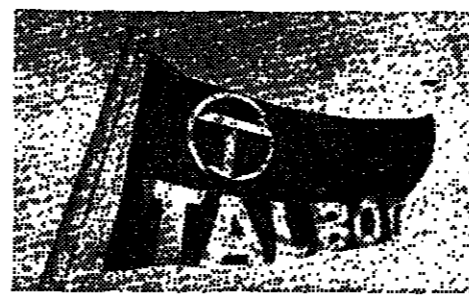
There is no sign at present of any settlement. If anything, there is evidence that the unions have selected Ford, and the automotive industry as a whole, as a test bed of their strength.

industry over negotiating a salary top-up to offset higher inflation. This unrest underlines one aspect of the industry that is frequently forgotten.

Robert Graham Madrid Correspondent

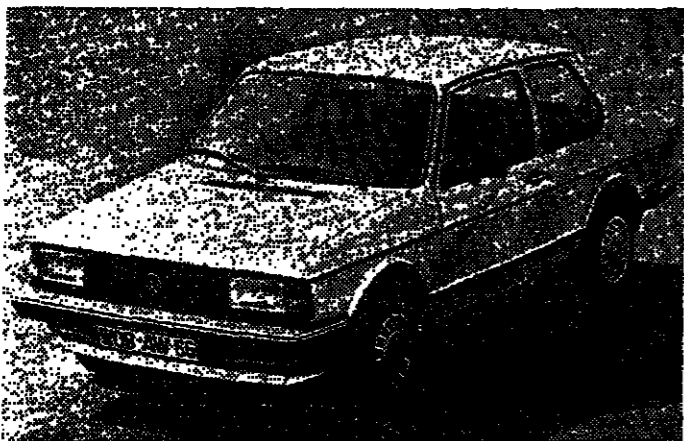
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The Volkswagen Jetta—a saloon with a boot developed out of the Golf hatchback

Sweden

CONTINUED FROM PREVIOUS PAGE

compared with only 64,700 last year, and the aim is to reach an annual output level of 100,000 cars by the end of the year.

The profit margin (pre-tax earnings as a percentage of sales) on Volvo cars in 1978 was only 1.8 per cent.

Volvo is committed not only to renewing its 240/260 range but also to providing a successor to the 345.

Saab-Scania's car operation is smaller and more narrowly concentrated than Volvo's.

The group budgeted for a further but substantially smaller loss on its cars this year.

Success The group budgeted for a further but substantially smaller loss on its cars this year.

Both companies immediately pointed out that the board's conclusions were based on outdated material and did not take into account the dramatic improvement in their car business over the past year.

Saab cars' profitability depends on the product mix: the more 900s sold with their high profit margin, the higher overall earnings will be.

William Dullforce Nordic Correspondent

Alongside the small car-maker's typical emphasis on technique and a special image, Saab's strategy involves co-operation with the Lancia arm of the Fiat group.

The first fruit of this Swedish-Italian co-operation is the Lancia Data, a five-door, front-wheel drive car launched this year and on which Saab engineers have had only a minor influence.

Saab has been the agent for Lancia cars in Sweden for some years and their new agreement extends beyond the Lancia Data to the joint development of a car for the 1980s, which will incorporate new lightweight materials.

In August the National Industrial Board published a report on the Swedish automobile industry which the Government had commissioned after the breakdown of the merger talks in 1977.

Both companies immediately pointed out that the board's conclusions were based on outdated material and did not take into account the dramatic improvement in their car business over the past year.

William Dullforce Nordic Correspondent



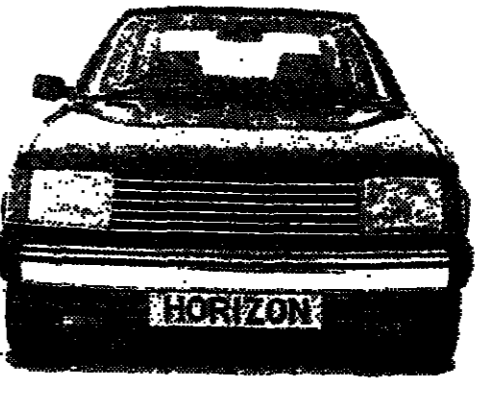
Talbot Alpine When it first appeared the Alpine won the coveted Car of the Year Award. In its latest version it is still setting the pace for the rest to follow.



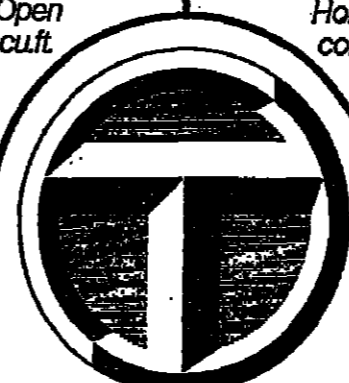
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EUROPEAN MOTOR INDUSTRY VIII

'World car' concept will set new pace

EUROPEAN CAR manufacturers, in establishing new plants for production and export, particularly in the Third World and Eastern Europe, are facing stern competition from both Japan and the U.S.

U.S. multi-nationals in particular pose a new threat to European manufacturers wanting to establish new production facilities in those countries where demand—contrary to the situation in Europe—is growing rapidly and manufacture is cheaper than in domestic markets.

U.S. car manufacturers are leading the field in the production of the "world car." In general terms the "world car" concept enables manufacturers to maximise economies of scale. In theory, the company making a world car can produce a pool of key components from plants set up anywhere in the world and turn out parts on the most efficient scale possible. Other components would be bought in at a low price because of the quantities required. The components would then be shipped to plants in the major markets to be assembled into cars which would meet local requirements.

General Motors, the largest motor manufacturer in the world, claims to have produced the first real "world car" with its Chevrolet Chevette. In terms of basic design for the Chevette is being built in the UK, West Germany, Australia, Japan, Brazil—and until recently Argentina.

Fiat of Italy is one of the first European manufacturers to challenge the Americans head-on in their policies of world-sourcing of components. In September 1979 Fiat announced it was to spend \$5bn in new investment at home and abroad in the rationalisation of component manufacture.

The group's licensee in

Poland, a company which produced 293,000 units last year compared with 260,000 in 1977, will be an active participant in this project. The rationalisation will split Fiat's output of components around plants in Italy, Spain, Latin America and Poland to gain the greatest economies.

These moves, it is said, will turn Fiat into a "world car" maker when it will have assembly plants in many major markets, putting together components supplied from high volume facilities all over the world.

This programme was made possible by Fiat's recent acquisition of a majority shareholding in SEAT of Spain, and an accord with Poland, ratified in June, under the terms of which a new Fiat car will be produced there by 1981.

European car manufacturers are also seriously engaged in penetrating the U.S. car market, particularly now that the accent in America is on smaller vehicles.

Volkswagen of Germany was the first European car manufacturer to assemble in the U.S. The decision, ultimately taken in 1975, was vital to maintain its products cost-effectiveness. Apart from the economies of manufacture in the States the management of VW in Wolfsburg saw other attractions in local manufacture. There was the danger of protectionism and also the benefit of flexibility being close to the market. The decision stemmed the decline in sales of VW cars and in 1978, the same year as it opened its plant in Westmoreland, Pennsylvania, sales totalled 239,306 compared with 201,000 in 1976.

VW now has a massive world strategy based on its overseas assembly and production plants where cost-effectiveness is greater than in West Germany. The plan is that the U.S. will

produce for its own market, the Brazilian subsidiary will supply much of South America and the Third World, with Mexico supplementing Brazil in Latin America and building special types of vehicles for more sophisticated markets. The German company will essentially only build for Europe and parts of the Middle East. Recently it was announced that Volkswagen do Brazil will supply the West German parent company with components for the 10,000 cars to be assembled annually in Egypt. No date has yet been set for the beginning of construction of the Egyptian plant.

The cars turned out at these production bases will become more and more diverse as they are tailored to regional market requirements.

Confident

Major areas of expansion of production will be in the U.S. and Mexico. VW has decided to expand in the U.S. because of the increasing market share it is confident of winning and by the continued weakness of the dollar. At present about 40 per cent of the Rabbit (the Golf) consists of engines and other parts imported from West Germany. This leads to what the company calls "exchange burdens."

With the expansion of the Westmoreland plant and the proposed building of a second U.S. plant it is envisaged that a wholly American-made car will be built, with a Mexican-built engine (VW is to build a plant in Mexico which will produce 1,800 water-cooled four-cylinder engines a day).

VW's expansion of its Mexican activity is partly because of a 1977 Mexican Government decree that the motor industry in the country has until 1982 to balance its import-export account. Because of this VW, Ford, General Motors and

Renault have all recently announced expansion plans which combine making more components in Mexico and boosting exports.

Renault, however, may be the next European manufacturer to assemble its cars in the U.S. It had firm plans to produce the car in North America as part of its aggressive export drive but decided to defer production following studies which suggested that the financial risk was too great to take before the results of a six-fold increase in its North American dealer network became apparent.

Renault has forged an agreement for its cars to be distributed through the American Motor Corporation (AMC) 2,000-strong U.S. dealer network. It is proposed that the two will work together in adapting Renault's new designs for the 1980s to the needs of the U.S. market. Renault now has first option in the use of AMC's production facilities should a combination of a sliding dollar and a growing demand for Renault cars justify U.S. assembly. The study showed that 200,000 Renaults a year would have to be sold in the U.S. for the venture to break even. Also the sourcing of local components would have been more costly than anticipated.

French car makers, despite their dominant position in their home markets and expansion of sales overseas, suffer from the fact that unlike the more profitable German and American car manufacturers they cannot afford to take risks in heavy new investment overseas.

Risks to manufacturers wishing to expand into new markets abroad include political instability or changes in demand forecasts because of economic problems. For example, Renault has had to revise its expansion programme in Portugal, announced

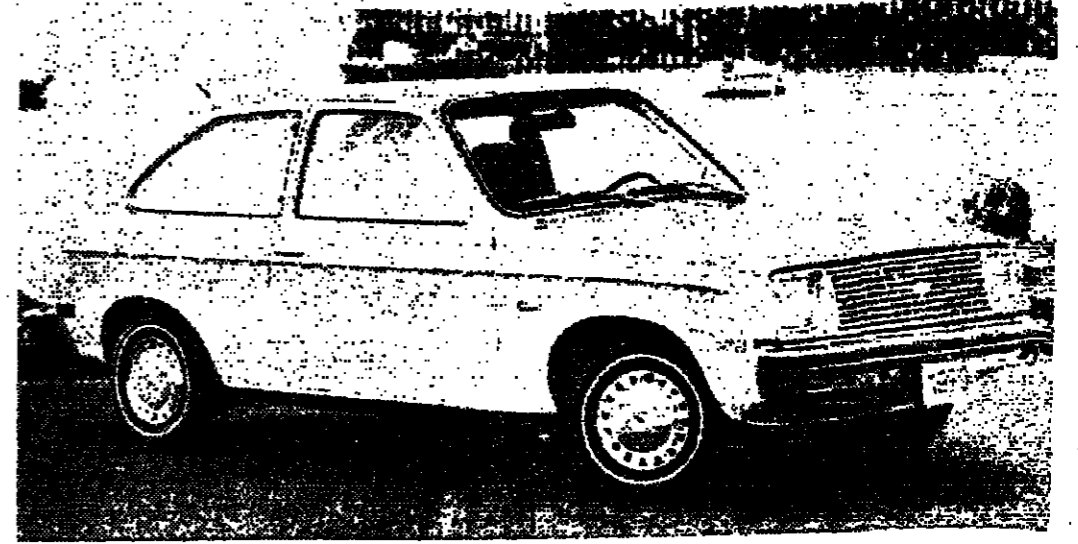
this year, because of the dramatic drop in Portuguese domestic car sales last year and the continuing economic restrictions imposed by the International Monetary Fund. It now plans a \$400m expansion programme stepping up production from 10,000 units a year to 80,000 by 1987.

Peugeot-Citroen, the French national car manufacturer, which agreed last year to assemble in Iran with Iran National Automobile, is still waiting to hear whether the new Government will allow construction to go ahead. It similarly is still awaiting confirmation from Algeria as to whether or not construction of an assembly plant can proceed there.

The company also has severe problems at its Nigerian assembly plant because of a Government deadline to the company requiring it to comply with new regulations on air-freighting. In a recent budget the Government said that all companies had to give good reasons why they were air-freighting components into the country rather than using sea ports. Peugeot say that air-freighting is necessary because of the need for speed in the sending of parts. No agreement as to a solution has yet been reached.

Given the vagaries of Third World countries, with their growing success in national production and protectionist action, European manufacturers have said there is a need for a "European solution" whereby European manufacturers survive to overcome national frontiers in the formulation of development policies and have rulings which will enable EEC companies to accept or refuse a deal with countries, knowing whether they are in line with the general interests of the Community or not.

Lisa Wood



General Motors' Chevrolet Chevette

Pressures from imports

AS THE world's major motor manufacturers steadily increase their car exports, few countries have managed to avoid an increasing penetration of their home markets by foreign competitors. But only Britain has obviously failed to meet the challenge to the extent that more than half its home market has now been lost.

The only country which has managed to reduce import penetration since the early 1970s is West Germany, where the figure has been pushed down from 35.2 per cent in 1972 to 23.8 per cent last year. However, during the same period France has held competitors at bay fairly successfully, losing less than 3 per cent of the 80 per cent held by domestic producers in 1972. Italy has lost more than 10 per cent of its home market during the six-year period (now maintaining around 60 per cent) and Sweden a similar percentage, although it started from a much higher base of 58 per cent penetration at the beginning of the period.

The United States' car market has not escaped the pressures of imports, which now account for around 18 per cent of sales, although this takes no account of the cross-border trade with Canada.

The only country which has almost completely held back the tide of imports is Japan, where only 1.9 per cent of cars sold in 1978 were imported, compared with 0.9 per cent in 1972. At the same time, the growth in the volume of Japan's car exports has been staggering.

Since 1972, exports of cars have more than doubled—and last year they topped 3m for the first time, compared with West Germany's 2.3m, the next highest export figure. As the dominant force in world car markets, Japan has moved from being a supplier of less expensive, unsophisticated cars, into the middle-price range where a reputation for reliability and economy has been one of the keys to success.

Watershed

But last year passed to be a watershed for the giant Japanese motor companies which experienced severe problems in export markets, due to the higher value of the yen and increased competition in its important U.S. market. The volume of Japanese exports increased only marginally between 1977 and 1978.

Toyota Motor, Japan's leading car manufacturer, suffered a 16 per cent fall in export volume, with the biggest drops occurring in shipments to America and the Middle East, while its sales in Europe were relatively buoyant. However, the position was improved by strong domestic sales, which were up 21 per cent on the previous year.

From Toyota's point of view the position seems to be reversing itself this year—exports are forecast to rise by 16 per cent while the domestic market will be up by only 1.6 per cent. Production is expected to reach 3,08m units, a rise of 7.7 per cent.

Sales of Japanese cars in the U.S. have now returned to their higher level, thanks to the fuel shortages, and in the medium-term, the outlook there for exporters of smaller cars is extremely good. However, this may be a limited market in terms of time, since U.S. manufacturers appear finally to have recognised the need for smaller, fuel-efficient cars.

There are continuing fears that any setback for the Japanese in the U.S. market will mean more pressure on European countries, where there is a relentless increase in the degree of import penetration by the Japanese. Although this in itself cannot be opposed on any commercial grounds, there is considerable resentment at the low level of imports in the Japanese domestic market. Britain is now pressing Japanese car-makers for an un-

qualified assurance to restrict their share of the UK market to 10 per cent in 1980. The UK Society of Motor Manufacturers and Traders is concerned at the level of imports this year—136,000 by the end of August, compared with 143,000 for the whole of 1978.

Despite previous agreements by the Japanese industry over shipments, and a vague assurance last year that it would take a "prudent" view of the UK markets, registrations have risen inexorably from 84,000 in 1974 to 174,000 in 1978. This has boosted Japanese penetration of the UK new car market to 10.5 to 11 per cent.

Similarly, Japanese cars are taking an increasing share of the West German car market, and are now second only to France as the biggest importer. Japanese cars, led by Toyota, accounted for 4.9 per cent of all new car registrations in Germany in the first half of this year, according to recent figures, while France holds a 10.4 per cent share.

During the past year Japan has overtaken Italy in the German market, and has clearly been the result of an intensified bid by the Japanese to establish themselves more firmly through increased investment in distribution networks.

The proposals for a co-operative deal between BL and Honda have drawn some criticism from France, which has an effective quota on imports of Japanese cars, on the grounds that it will provide increased access for Honda in EEC markets.

The French motor industry, which has experienced strong demand in its home market for some time, is now running into a less buoyant period at home and increasingly looking to export markets to maintain volume. In the first half of this year French car exports amounted to 578,000 units compared with 840,000 in the corresponding period last year.

Renault, now in an expansionary phase, is particularly interested in increasing exports and has concentrated its efforts on the British market and the U.S.

In Italy, Fiat has embarked on a \$5bn expansion programme during the next five years, aimed at rationalising production and turning the company into a "world car" maker in the 1980s. The project is designed to split the company's output of components between plants in Italy, Spain, Latin America and Poland, to gain the greatest economies. This will absorb about one third of the \$5bn.

In another move to rationalise, Fiat is to import cars into Ireland, where they are to be assembled. This move was decided upon when output in Italy of the Fiat 128 became restricted after the introduction of the Strada.

The Fiat plant near Dublin, which was established in the

1930s, will supply the Irish and the British markets, where the 128 is still in demand despite the similarly sized Strada. Fiat envisages maximum sales of about 4,000 for the 128.

However, many of the major shifts in emphasis in world trade in cars are now brought about by policy decisions of this kind, particularly by the large multinationals, and increasingly, as a result of co-operative deals. With the European market for larger sized cars expected to decline slightly, in line with higher demand for small and medium sized models, the major companies such as Ford are adjusting their production accordingly.

Although Ford is powerful enough to undertake this kind of change without too much difficulty, the costs of developing new models has sent most companies looking for partners. Two recent tie-ups are the Honda-BL agreement, and SAAB and Lancia, which are to produce a common pool of components for new models.

Economies

The troubled Alfa-Romeo group has also indicated that it would look favourably on co-operative deals with other manufacturers on marketing, design and production, and even Ford of Europe will now consider joint projects with European companies rather than with its parent in the U.S., if it would lead to beneficial economies of scale.

In terms of exports, it is clear that Ford with the Fiesta, and Volkswagen with its new range of smaller cars, have been in the best position to exploit the energy crisis. The Fiesta, which is assembled at Saarlouis in West Germany, Dagenham in the UK and Valencia in Spain, has consistently been in short supply and seems likely to continue to be so.

Volkswagen, West Germany's largest car manufacturer, with world sales of 2.34m last year, has made substantial progress in the U.S. market since setting up manufacturing operations there. In the first eight months of this year, VW sold 243,000 cars in the U.S., which was 30 per cent up on the previous year's figure.

VW believes that if the demand for economical cars continues, demand for its models in the U.S. will remain strong. However, capacity at its Westmoreland factory is not sufficient at present and its capability to supplement this in Germany is limited. These factors are likely to limit sales growth this year to around 30 per cent, the company believes.

The prospects for export sales of fuel-efficient cars of this size are, however, extremely good and it appears that Ford and VW have a lead in this field which other companies will find difficult to overcome.

Lorne Barling

Long-term competition from the American giants

GENERAL MOTORS OF the U.S. this year introduced a European-sized car, using front-wheel-drive and dubbed the "X" car. So the question immediately occurs: Is Detroit's powerful auto-making machine about to pose its first real export threat, particularly if the value of the dollar remains low and makes U.S. prices attractive?

Certainly, that was the tenor of many questions put to senior executives of the various car companies when they gathered for the recent Frankfurt International Motor Show.

Mr. Bob Lutz, chairman of Ford of Europe, came up with a number of convincing reasons why the new cars and his parent company in America is working hard to introduce its competitor to the "X" car—will not cause the European manufacturer much concern.

(a) Even if the looks of the U.S. cars are more European, they will still be basically typical American cars designed for the U.S. market with typical American driving characteristics.

(b) U.S. emission-control regulations will mean that these cars will be underpowered for Europe.

(c) Demand in the States for the smaller cars is so great that the local market can absorb all the Americans can make and looks like being able to do so for many years to come.

(d) The two principal U.S. manufacturers, GM and Ford, have huge investments in Europe and are unlikely to undermine those operations with cheap imports in great volume.

But Mr. Lutz agreed that there might still be market gaps for some U.S. cars in Europe.

"For example, it would be interesting to introduce the four-wheel-drive Bronco to Europe when it is reduced in size," he said. "That would be cheaper than developing our own here. Another good example is the Mustang, we could not have afforded to make our own V8 luxury coupe in Europe, so we are about to sell 8,000 Mustangs here this year."

"Our plans are to only exploit specific market opportunities that we cannot cover with our European ranges, but that will never be much."

Niches

Both GM and Chrysler US are also looking for market niches they might fill in Europe with Detroit product—the incentive for Chrysler is even greater now that it has sold its European business and retains only a minority shareholding in PSA Peugeot-Citroen.

In one world moment a GM executive once suggested that his group's sales of U.S.-built cars in Europe would reach around 100,000 by 1985 but this must be dismissed as pie in the sky. Apart from anything else, if GM is to meet the fuel economy regulations progressively being introduced in the States it will need to sell all the small cars it can produce not offer them to a highly price-competitive export market.

All this is simply looking at the short-term, however. In fact, many European car makers do see the North

American based companies as the major long-term potential threat to their industry.

The reason can be surmised up in two words: "World cars." In crude terms, the world car concept enables a manufacturer to maximise economies of scale in an industry where economies of scale really do matter.

In theory the company making a world car can produce a pool of strategic components from plants set up anywhere in the world to turn out parts on the most efficient scale possible. Other components would be bought in at a very low price because of the quantities required.

The components would then be shipped to plants in the major markets to be assembled into cars which would match local requirements.

That does not mean that world cars would look alike when they took the road in different countries. Manufacturers will not compromise market acceptability by attempting to provide all things to all drivers in one package.

For example, Europeans would be reluctant to pay for some of the luxury fittings Americans desire as standard or to put up with the loss of performance resulting from the installation of U.S. emission-control equipment in their vehicles.

Thus, the commonality will be in engines, gearboxes, suspension systems and the like.

The world car has been made possible because of the energy crisis in America. The U.S. Government is insisting that by 1985 the fuel consumption of

American cars, on a fleet average basis, must be at least 27.5 miles to the American gallon (33 mpg to the Imperial gallon).

The manufacturers face other regulations which mitigate against fuel efficiency—like the emission control legislation and that covering passenger vehicle safety.

They will be able to meet the regulations only if most of the cars in their fleets are completely redesigned. No amount of tinkering with the old "gas guzzlers" could do the job.

As a result the U.S. industry is wide open to new ideas, is looking for new technologies and considering different materials from those it traditionally used.

But it also faces a massive expenditure programme to "re-invent the American car." The cost is estimated to be at least \$50bn during the next seven years.

Spread

Given this huge capital expenditure programme, the manufacturers simply must spread the impact over as wide an area as possible—and that is where the world car comes in.

Mr. Pete Estes, president of GM, put it this way: "When the full impact of the financial and technical challenge here at home (meaning the U.S.) began to sink in, we had one more good reason to look seriously at reducing product duplication on a truly world-wide basis, at the international sourcing of components as a way of reducing

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"BEST FAMILY CAR- OVERALL CAR OF THE YEAR-"

What Car?, April 1979.

"I FEAR THAT I SHALL NEVER FEEL SO MUCH AFFECTION FOR A CAR EVER AGAIN."

Car Magazine, April 1979.



"What Car? Annual Review"

"This year we decided to vote for our Car of the Year again—and have chosen the Peugeot 305SR."

"Over the past year we have tested more than 120 cars."

"As last year we are splitting the wide variety of cars we have driven into various groups, but this time the categories are slightly different"

"Each class has its own winner, found by awarding cars points out of 100 under a total of five headings, with a maximum of 20 points on each count."

"In the end we arrived at nine individual group winners, one of which turned out to have the highest overall total. This year our Car of the Year is the Peugeot 305SR."

"The 305 is a slightly up-market four door family car. It is French, with a front engine driving the front wheels. It has four doors, enough room for four adults and their luggage, is reasonably fast, handles safely and is well equipped."

"The Peugeot 305 combines the advantages of space and safety offered by front wheel drive, while retaining a traditionally shaped, roomy body. It offers a degree of comfort and luxury unusual in a car of the class—the opposition will have their work cut out to match its stylish ride."

"The 305 is typically Gallic, with front wheel drive, and a thoroughly sensible approach—a large boot for luggage, large passenger area and a transverse engine up front. The 305 is also blessed with one of the best gearchanges we have ever come across...so light and precise that changes can be slurred making passengers think it's an automatic. Our Car of the Year offers smooth luxury unusual in a car of this class."

"French car manufacturers seem to have found the knack of producing everyday cars with the sort of luxurious ride comfort found only in limousines. Peugeot's new 305 range is a case in point—aimed squarely at the family man as his regular transport, and yet offers the sort of comfort a chauffeur driven executive would expect."

"The success it has already had is well deserved and we can be certain that it will still be in production in ten years time—something that can't necessarily be said of its rivals here."

What Car?, April 1979, Annual Review and comparative test with Fiat Supramirafiori, Princess 1700 HL, Renault 18TS.

Car Magazine-

"A long term test with a difference"

"Just one of the astonishing things about the 305 is how well it handles."

"...the gear change for example: it is not only the nicest to be found in any front-wheel drive car but it is also one of the very nicest to be encountered in any car."

"The rest of the credit presumably goes to the transverse location of the engine, the block of which is tilted 20° forward to make things even better. Space saving under the bonnet has not been taken too far, though, for although there is not much space wasted there is room to get at the things that are likely to need attention, even if nothing ever actually did."

"The 305 suspension, like that of its big brother 604, must surely represent the state of the car-builder's art."

"Just as nothing seemed to be consumed, likewise nothing seemed to deteriorate. The finish looked everywhere as good at 9000 miles as on delivery."

"...the cabin was impressively roomy: once again the long wheel-base might have something to do with it, for the car is not over-long overall, being an inch shorter than a Cortina"

"The Peugeot's controls are excellent, well-sited and have superb actions. The instruments are easily seen and tell no lies, and the night lighting of the facia is first-class. There is a complex array of heated and fresh air vents, yet the controls are straightforward, even to the first-time driver."

"On almost every count, the 305 is highly competitive with its obvious rivals, most obviously in matters that can be quantified and set down in figures but most convincingly in the sweetness of its behaviour."

"It is difficult to overstate this case, hard to think of any other car short of a Rolls-Royce in which the controls feel as though they have been matched and lapped and polished and hand fitted by a jeweller, and impossible to imagine how Peugeot have achieved this in mass production."

"In the absence of any serious faults or many trivial ones, it seems almost tedious to keep on piling up praise for the way this car behaved, but it would be unjust not to do so. With such exemplary manners, such silken feel, such admirable comfort and such unfailing reliability, the Peugeot 305 must obviously be a very good car. What made it even better was its ability to rise to the occasion, to meet requirements that ought to have been beyond the normal call of duty."

"Never have I encountered a car that could serve for so long without letting me down in any way, that could serve so satisfactorily for such a variety of journeys, and that could sustain such astonished delight over its virtues, as did this 305."

Car Magazine, April 1979. Long term test and comparative test with Renault 18GTS and Honda Accord.

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EUROPEAN MOTOR INDUSTRY X

The electronic revolution

STRANGE THOUGH it may seem, the car is one of the most difficult environments for electronics systems to operate in.

This year the top cars made by European, U.S. and Japanese manufacturers such as Mercedes, Aston Martin, General Motors and Ford all incorporated micro-electronic control somewhere in their operation.

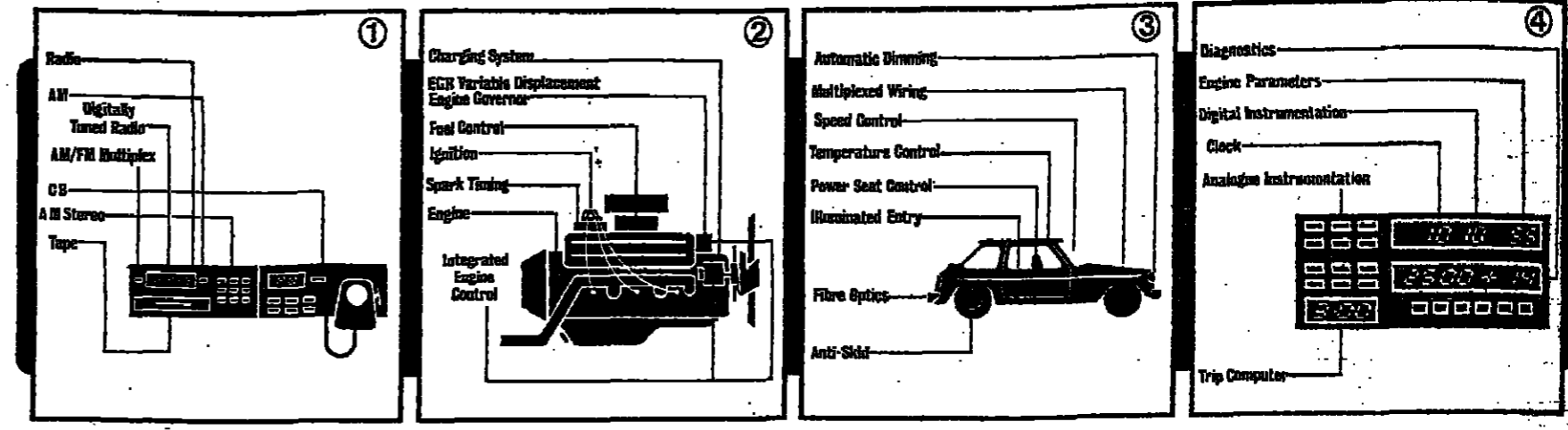
chance to sell their products to the motor industry. According to some forecasters the amount of electronics equipment to be found in cars by 1981 is likely to be worth nearly \$500m in the U.S. alone.

Debate

In Europe no such legislation is in force although much debate about the possible introduction of laws governing fuel emission and pollution have been going on for some time.

It comes out of the factory; it has to meet them equally after it has been driven at least for 50,000 miles. The U.S. Act specified that by 1980 a car will be required to obtain 20 miles to the U.S. gallon—or 24 miles to the larger British gallon.

So manufacturers have looked into ways by which microprocessors—computers shrunk on to a tiny chip of silicon—can control the engine and monitor the exhaust system so that it is more fuel-efficient and does not pollute.



1. In-car entertainment electronics already an established market. 2. Simple electronic ignition systems are being joined by micro-processor engine controls. 3. Anti-skid braking already on the market; other safety designs well advanced. 4. Instruments to estimate journey length and diagnose faults

can be done with electronics. A sensor placed in the exhaust can measure the oxygen content and relay this information back to an electronic circuit which corrects the air/fuel ratio.

This system can be designed as part of an electronic fuel injection system which allows the car to conform to fuel economy regulations.

become economic through the use of silicon chips. In a fuel injection system the amount of fuel delivered to the engine is calculated by the silicon chip from three independent factors.

National's circuits for its CompuCruse which has several interesting features. It can maintain a selected speed, indicate the most efficient driving speed, show the brand and grade of fuel which is the most economical and indicate the effect of tyre brands and pressure on efficiency.

replacements for mechanical counterparts but as electronics begin to pervade the whole of the vehicle it is more sensible to treat the whole dashboard as one instrument.

Steady improvement in energy saving

SINCE THE first oil supply crisis in 1974 the European car makers have improved the fuel consumption of their vehicles by about 10 per cent.

Most of the easy changes have been made. Where does the industry go from here? What everybody agrees is that there will not be any dramatic breakthrough which will suddenly give every car the ability to go 50 miles on a gallon of fuel at 50 miles an hour.

The industry will take the same approach most of us follow when faced with a salami sausage in one big chunk it is unappetising and inedible. But sliced it thin and it can be tackled easily.

long motor industry lead times make it unlikely that they will appear in any volume before the 1980s. In the shorter term improvements in engine economy can be expected from changes in ignition systems and in the accuracy of metering the fuel input.

of aerodynamic efficiency, others offered scope for reductions in aerodynamic drag of up to 30 per cent. Just how far and how fast the industry makes progress does not depend entirely on technology.

Other factors include the car purchaser's willingness to accept new car design, the ability of the manufacturer to earn the money to pay for developments and legislation covering environmental and safety aspects of vehicles.

As well as engine management and instrumentation there are other electronics devices which can monitor and control factors related to the safety of the car's occupants.

replacements for mechanical counterparts but as electronics begin to pervade the whole of the vehicle it is more sensible to treat the whole dashboard as one instrument.

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For example there is still much to be gained by cutting down the weight of cars. Not just the large components, but the small ones as well. In the U.S. one company has switched from a metal clutch activator to one made from plastic, reducing the weight from 1400 grams to 350 grams.

Greatly improved carburetors and induction systems will be developed to give more even mixture distribution between cylinders. For the medium term "lean-burn" engines which can operate on weak fuel-air ratios without misfiring, are being developed.

The UK Society of Motor Manufacturers and Traders when presenting its paper (SMMT) "Energy and the Motor Industry" last month estimated that the emission control regulations to be introduced in the European Community early in the 1980s involved a 3 to 5 per cent cost in energy.

But electronics instruments will probably be more reliable. They will initially be direct replacements for mechanical counterparts but as electronics begin to pervade the whole of the vehicle it is more sensible to treat the whole dashboard as one instrument.

Even before on-board computers become a common feature of cars it is probable that mechanical instruments such as the speedometer will be replaced by electronic devices with no moving parts. Since this change will not add anything to the performance of the vehicle, however, the decision to use electronic instruments will have to be based solely on cost.

Organisations are also investigating the use of optical fibre systems—hair-thin strands of glass—to replace traditional electrical wiring in a car. This would not only be lighter but would also be immune to the very noisy environment of the vehicle.

Control Towards the end of the period to 1985 electronically controlled fuel injection equipment may gradually replace the carburetor giving even closer control over the amount and timing of the fuel delivered to each cylinder.

There is some further scope for optimising engine operating conditions although this involves micro-processor control of either the carburetor or fuel injection equipment. But while the pace of development in this area seems likely to be rapid, the working group said it is unlikely that such circuitry will have more than limited introduction in the automotive field by 1985 and "any general adoption of systems for total control of the car's electrical and mechanical apparatus is certainly outside the timescale."

Losses with automatic transmissions may be reduced by the use of converter lock-up or split-torque arrangements which prevent "slippage" at cruising speeds. For the long-term future continuously variable transmissions offer the prospect of significant fuel savings but these will not be developed by 1985.

Some manufacturers have scope to produce real savings by improving the aerodynamic efficiency of their cars. For example, the working group estimated that while some car models were already being produced at near-optimum levels

are so many current uncertainties about technology, materials, design and so on that component makers must be able to call on a worldwide bank of knowledge and expertise. The problem is that the car assemblers have different engineering teams trying to reduce weight or improve efficiency in different parts of the car: engines, transmissions, bodies and electrical equipment, and in some areas the work is divided up into even smaller sections.

European operations from which to draw experience. But although the European companies are well placed in this respect, the risks are daunting. Suppliers which invest heavily in some high-technology product could easily find, given today's fast-changing conditions, that they have invested in technology already out of date and that the potential customer has turned to another company for its supplies.

According to the recent interim report of the Working Group on Fuel Consumption Targets—a group which draws its membership from the UK Department of Industry, the Environment, Energy, Transport and Treasury, and the motor and oil industries—the average scope for real improvement in car fuel consumption from weight reduction by 1985 is around 3 per cent.

But one way or another drivers will have to pay for progress. The new lightweight materials generally cost more than those the industry has used traditionally. More efficient engines require parts made to finer tolerances—and that costs more.

Mr. Knibb gives this example. "It is quite likely that an engine designer will be investigating the use of aluminium castings, and he may produce designs for cylinder blocks, cylinder heads and many other parts. However, someone else may be investigating the use of thinner iron castings or thin steel pressings for brackets instead of aluminium castings."

So the problem facing the component supplier is how he keeps or increases his share of the available business without wasting all his investment in projects that will never come to fruition. This is difficult even for the car assemblers because the events are happening over a broad geographic front as well as on different timescales.

Those "information rich" companies with up-to-date information on a world basis are likely to make fewer mistakes. It is also likely that those companies with technical leadership—either with a product or process or application—will survive the world car era even if they are not huge corporations.

The U.S. car assembly groups have been turning in particular to European technology as they "downsize" their vehicles and move towards setting up component networks for the world cars to come. After all the two major groups, General Motors and Ford, have well-established

Radical new types of engine, such as the stratified charge engine, offer the greatest long-term potential for substantial fuel saving, but their present state of development and the

Component makers seek broader base. Elaine Williams

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مکان من الاحمیل

EUROPEAN MOTOR INDUSTRY XI

The price of making safer cars

THE MARRIAGE of a reduction of weight and fuel consumption in cars with improved safety measures was the theme of Peugeot, the French car manufacturer, at its presentation this year to the 7th International Technical Conference on Experimental Vehicles in Paris.

But in discussing the role of its experimental VLS 104—a light safety vehicle—Peugeot said that it would be impossible to adopt all the safety measures assembled in the VLS. "They would together weigh and cost too much. We shall have to choose from among those which most improve safety without jeopardising the necessary reductions in weight without imposing on society unacceptable extra costs."

Car manufacturers throughout the world are actively pursuing these two imperatives. In particular the two go hand in hand in the U.S., where big cars have always been seen as "safe cars." Now, with the necessary reduction in car size, new safety regulations are being imposed by the Government. The supervisory body, the National Highway Traffic Safety Administration (NHTSA), has said it will make sure that the reduction in size will not be at the expense of safety. Ms Joan Claybrook, NHTSA's administrator has said: "We want to save oil imports. But not at the cost of more lives lost and more people badly injured."

Standards

In Europe car manufacturers are not under such heavy restraints vis-a-vis safety legislation but there are strong efforts being made at present to harmonise existing legislation within the EEC and institute new standards. One EEC group actively pursuing this end is an EEC working party on the "Elimination of Technical Barriers to Trade" among member States. At the moment "whole vehicle type approval" has been agreed and implemented by members. It at the moment applies only to certain items such as brakes and seat belts.

However, in Geneva a further body, called "Working Party 29" under the UN's Economic Commission for Europe (ECE) is working on increased harmonisation, including safety regulations, with non-EEC countries

such as Japan and America. Japan, for example, has now agreed that for approval for certain regulations it will now accept compliance with test information from EEC or ECE requirements.

Mr. Kenneth Barnes, director of the Society of Motor Manufacturers and Traders' Technical Department, said "The main problem over harmonisation is the U.S. As yet we are not being very successful because the Americans tend to go their own way. For example, the U.S. has taken part in EEC discussions over regulations concerning the driver's field of vision. Although the U.S. has not come out with its final rule the indications are that it is only likely to take part of the draft regulations into its own."

"But perhaps with the U.S. manufacturers making changes to their vehicles and looking towards more exports they may pay more attention to other countries' regulations."

Non-harmonisation of regulations poses very real problems for manufacturers exporting to countries which have implemented new legislation faster than the authorities in the manufacturer's home country. A manufacturer therefore has to over-specify on all his production or else market only a restricted number of his models, fitted with, say, unique emission controls, to those export markets.

Mr. Barnes said one of the main obstacles towards harmonisation in the EEC as far as the UK is concerned is that other members are looking for more stringent exhaust emission levels. "We believe there is no proven case for more stringent regulations," he said.

"We believe that on the present information it is more important to save energy. If certain requirements over emission controls are strengthened in the community we in Britain may not be able to make our promised 10 per cent in energy by 1985."

As far as safety legislation harmonisation within the EEC is concerned Mr. Barnes said he could not see a time when total harmonisation is achieved because "something new always seems to crop up."

The UK itself is demanding stricter regulations on MOT testing and according to new measures announced by the Government the computer at

the Vehicle Licensing Centre, Swansea, will be used to locate owners of cars with safety related defects as part of a new code of practice announced by the Department of Transport and car manufacturers.

This voluntary recall system has not appeased the wrath of the British Safety Council. It has long advocated the U.S. system of open vehicle recall and a car-safety hotline for private motorists to phone into a government department outlining safety defects on their cars. It has long condemned the fact that Britain has no independent system for publicly monitoring car defects and no compulsory system of recall.

One of the major divergences of opinion between U.S. and European car manufacturers is over passive restraint systems. The airbag, for example, may become compulsory equipment in U.S. cars in the early 1980s and is a method of protecting the car occupant who is seat-beltless. The bag is of rubberised nylon and is stored in the steering wheel hub and inflates when the car crashes thereby preventing the victim going through the windscreen. In Europe the lap and diagonal

seat-belt has become standard equipment. Britain is the only major European country not to have made belt wearing compulsory.

Renault, the French manufacturer, which unveiled a new safety car prototype—the Epure—at the International Safety Vehicle Conference, noted there was still a marked reluctance on the part of motorists to wear safety belts, despite their proven value.

According to an accident study performed by Renault, belt wearers are 2½ times less likely to suffer injury in an accident than those not wearing belts.

Frontal

But Renault said that in a 40 mph frontal impact the simple wearing of a belt was not enough. "There must be some means of tightening the belts on impact, so that occupant become an integral part of the car, and thus obtain the full benefit of its structural protection, instead of being thrown around the car."

For this reason the Epure—based on the Renault 5 and 14

—is equipped with a new system which can reel in 4 inches of belt very quickly. Renault says the system was devised to react with the greatest possible speed, since the entire process of a 40 mph impact is over in about a fifth of a second. Renault claims that an impact can be sensed by the Epure system in one hundredth of a second, and the belts fully tightened one hundredth of a second after that.

Other safety features of the Epure include its frontal structure, which is designed in such a way as to absorb and distribute energy in a more efficient way than at present while keeping the passenger compartment intact and free from intrusion.

The car was designed to meet stiff criteria. Belted occupants had to be able to survive a frontal impact with a fixed barrier at no less than 40 mph, a lateral impact from an equal weight vehicle at 31 mph, roll-over at the same speed and rear impact from a 1.08 ton block moving at 21 mph.

Again the weight problem has cropped up with the car. In its present form the Epure weighs about 220 lb more than a car designed to meet present and foreseen regulations in this



The Renault Epure prototype safety test car, which is based on the Renault 5 production model

class. This is an increase of about 13 per cent, which implies increased fuel consumption as well as cost.

But the vehicle is a prototype. Renault did point out, however, at its presentation in Paris that passive safety features still have little appeal

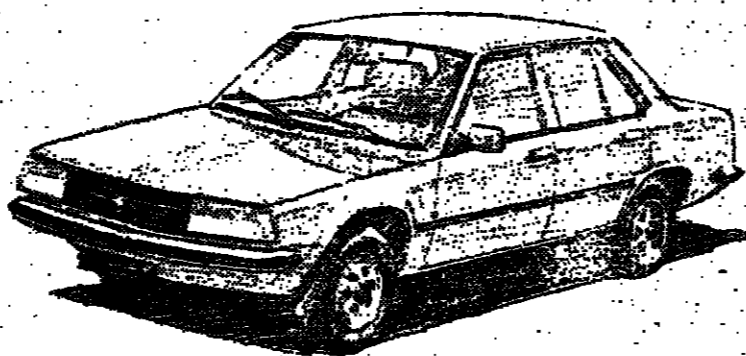
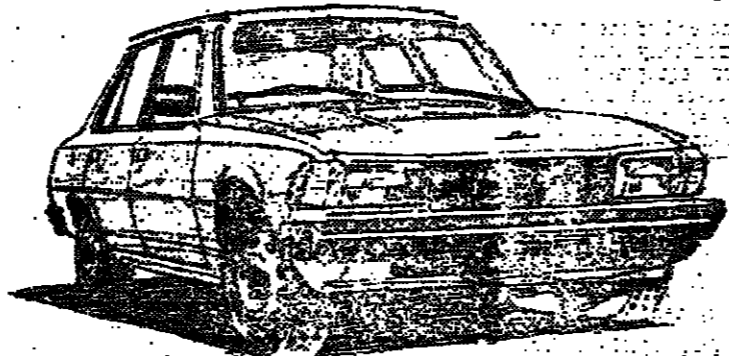
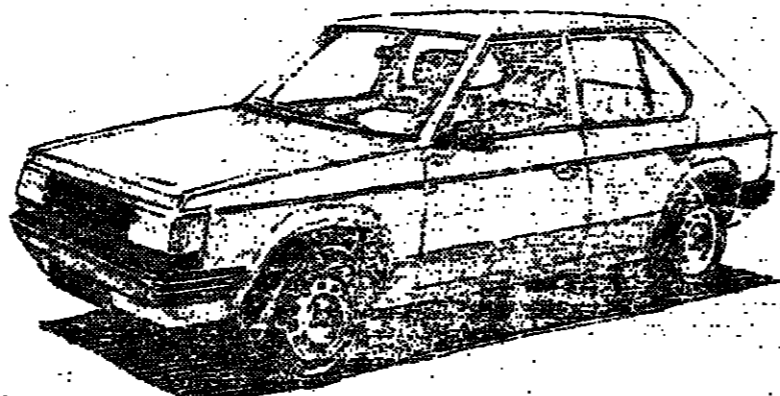
for car buyers. It pointed out: "It is therefore no use expecting advances in passive safety in a normal commercial environment; legislation and performance standards are essential."

But as a final point of appeal to the legislators it made the point that "it is important that

the choice and form of legislation should be decided in consultation with car makers and other bodies carrying out safety research and knowing what measures are most likely to be cost-effective."

Lisa Wood

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Component

CONTINUED FROM PREVIOUS PAGE

jects and therefore many more to become more and more in demand as standard volume cars get more and more alike. Customers will be looking for refinements and fittings to make their particular vehicle stand out in the crowd.

The obvious threat to the future of the larger component suppliers is the possibility that the car assembly groups, which already have many component manufacturing facilities of their own, might make even more for themselves because of the economies of scale provided by "world cars."

Lower

But, as Mr. John Harper, a director of Lindustries Management Services, suggested at the Phillips and Drew seminar "the component companies will get their own economies of scale by manufacturing the same items for several models, for several manufacturers." So long as an outside supplier can offer components at prices lower than the car assembler could match with in-house production, the outside supplier will still keep the business.

"The investment involved in components is not just money. You need people and they invest their time. The original equipment manufacturers (or car assemblers) need to spread that investment too. They can do that by turning to outside suppliers," Mr. Harper pointed out.

There is one area where this might well lead to tension-electronics. The industry has forecast that the number of electronic gadgets attached to cars will rise from around 12 a vehicle in 1978 to 52 in 1988. The automotive industry and the electronics industry will have to get together.

However, the automotive industry, particularly in the U.S., is mature, slow moving, used to the evolutionary approach and one which sees its product cycles in terms of five to ten years. The electronics industry is fastmoving. Its managers are used to coping with rapid changes in technology. The approach could not be more different.

"The sparks could fly when the two get together," said Mr. Harper, aptly.

K.G.

EUROPEAN MOTOR INDUSTRY XII

A choice of car for every taste

DESPITE RATIONALISATION of components design by computer and, in some cases, assembly by robot, Europe's cars remain astonishingly diverse. The threat, which once seemed so real, that all cars would soon look much the same has receded. The fear that the convertible would be killed off by safety requirements has proved unfounded.

Oil crisis and rocketing fuel prices notwithstanding, Europe still has its multi-cylinder equivalents of the American "gas guzzler," though probably not for much longer. The really small cars such as the Fiat 126 and our own Mini have lost ground to vehicles that will carry four people in reasonable comfort on long journeys yet still make the most of every precious, costly gallon. Almost all European cars have become more fuel-efficient in the last year without the loss of driving enjoyment.

Enjoyment is still an important factor. However practical, beautiful and reliable a car may be, if it is disagreeable to drive for any reason, owners will look elsewhere when choosing a replacement. In Western Europe, the car makers ignore consumers' preferences at their peril.

Of the new—or at any rate, new to the British market—cars I have driven in the last year, some stand out for sheer technological excellence. One is the Daimler-Benz Geländewagen cross-country car, with its choice of four different petrol or diesel engines and manual or automatic transmission, plus a high/low range transfer gearbox and lockable differentials that can be engaged on the move. Porsche's 92S automatic (perhaps the best car I have ever driven) is another, though neither would win beauty contests.

The excellence of German engines continues to impress. There are no speed limits on the autobahnen. The manufacturers must cater for the customer who regularly drives his car flat out for hours on end, expecting it to do so uncomplai-

ingly over high mileages. Thus German engines have stamina as well as smoothness.

Even quite ordinary cars such as the Opel Rekord (and this means the Vauxhall Carlton, too) are object lessons in high-speed mechanical refinement. Opel's new front-wheel-drive Kadett may well prove to be Car of the Year.

One expects Mercedes and BMW saloons to provide the kind of swift and satisfying motoring that the discriminating have become accustomed to. But this year Mercedes has brought similar benefits to the estate car buyer. Its range of four- and five-cylinder diesels, four- and six-cylinder petrol-engined estate cars lacks none of the saloons' comfort, performance and security. They are fast. The fuel-injected, 118 mph 280TE is certainly the fastest estate car now on sale; even the 240TD cruises at 90 mph.

Executive

Other German cars that stand out in a year's test driving are the Volkswagen Jetta (a three-door hatchback) and the VW Golf Convertible. The Jetta, due here next year, promises to give the smaller BMWs a run for their money, especially in its fuel-injected, five-speed version. The Golf Convertible combines saloon car weather protection and instant fresh-air motoring. Its hood is a work of art.

Snapping at the heels of Mercedes and BMW in the executive category are the Opel Senator and Monza (the Vauxhall Royale saloon and coupe are almost identical). Ford's Granada 2.8 litre, especially with Ghia trim and Michelin's TRX super tyres, and the five-cylinder Audi 100s, I would rate equally highly. The just announced turbocharged Audi 200 and the Alfa-Romeo Alfa 6 must also be Mercedes and BMW challengers.

Jaguar, whose Mk. III models appeared this summer, are still almost in a class of their own for ride comfort and lack of road induced noise. Their styling, face-lifted this year, has a class-

col grace. But the 12-cylinder Jaguar engine, though a technical tour-de-force and superlative to drive behind, must have a limited future. This year, BMW bit on the bullet and threw out their own ready-for-production V12.

The Rover V8 engine (perhaps a future Jaguar power unit) has given the biggest Land-Rover new muscle and smoothness. And the Rover 3500 V8S hatchback now has the traditional interior Rover owners look for, plus air conditioning, at a price edging towards that of the Jaguar 3.4.

In France, the light alloy two-litre engine made in a plant jointly owned by Renault, Peugeot and Volvo, has been installed in the Peugeot 504's eventual successor, the 505. This car, due in Britain in a few weeks, compares well with any in its class for refinement and ride.

Within the last few months the same engine has brought benefits in performance, economy and sheer driving pleasure to the latest Citroen CX variants, the Reflex and Athena.

The Saab 900 Turbo is one of the most successful examples of the use of a small, exhaust-driven compressor to make a two-litre four-cylinder engine behave like a three-litre six-cylinder when a power boost for overtaking or hill climbing is required. Another memorable turbocharging application is by Peugeot. Its 2.3-litre Turbo diesel, baritone tick-over apart performs like a petrol engine in that civilised, long-striding car, the 604D.

Anyone who has noted the growth in the use of diesel cars across the Channel and who has experienced the economy and driveability of the latest models may share my regret at the UK industry's and Government's lack of appreciation of their virtues. While it is said that engines of the future will use perhaps 30 or 40 per cent less petrol than those of today, the diesel engine can achieve that kind of saving now, especially when used in towns.

The non-appearance of the promised BL Princess diesel is disappointing.

Renault's latest family-sized car, the R18, lacks character but its rather pleasing blandness is no drawback to buyers in a class dominated by the Ford Cortina. The Citroen Visa family hatchback remains a true Citroen even though most of its running gear is Peugeot. Its ride comfort is quite exceptional and the Club model's twin-cylinder air-cooled engine is vibrationless at speed, though UK buyers will probably prefer the Super's four-cylinder, water-cooled Peugeot engine.

The Talbot (once Chrysler) Horizon points the way all cars must go with electronic monitoring and later electronic control of engine functions. Fiat's Strada (Ritmo everywhere but the UK and U.S.) is more like a French car than a traditional, slightly spotty Fiat. But its comfortable seats and low noise levels make long journeys untrifling. Any high mileage driver knows that these are the two things that really matter in a car.

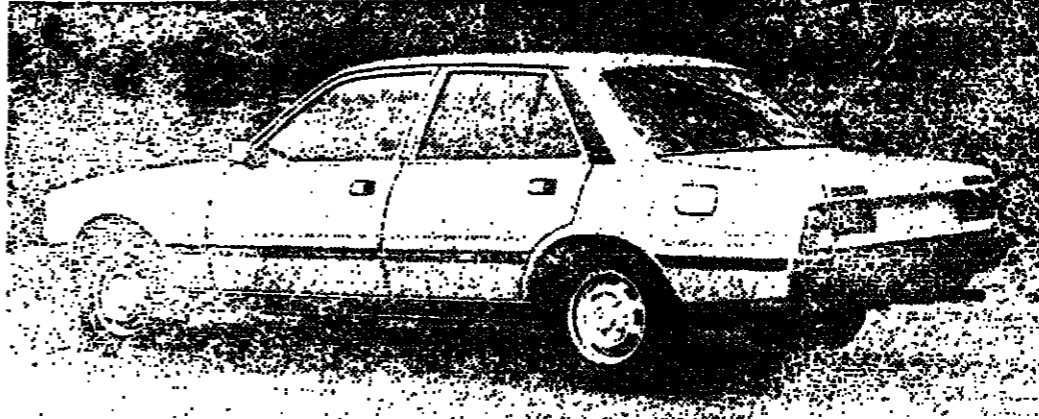
Curiously, some of the most "European" cars I have driven this year have been Japanese. The Coia 1400, with its dual-range transmission giving low geared flexibility and sharp acceleration in town, with seven league boot cruising at low revs on the motorway, is clever and innovative. The Mazda RX-7, a sports car with high performance and good handling, proves that the turbine-smooth Wankel engine does not have to be fuel swilling.

Daihatsu's Charade has a three-cylinder engine which must be rated a qualified success though its economy is undoubted. But this supermini has an excellent five-speed gearbox with a slick change. That seems almost an impudence in a car costing less than £3,000 in three-door form. Europe's car makers will be wise to keep as close a watch on Japanese trends over the next year or two as they have been on ours.

Stuart Marshall



Above: The Opel Kadett hatchback with front-wheel drive. It could be the 1979 Car of the Year. Below: The Peugeot 505, a smooth addition to the ranks of the executive class 2-litre saloons



Japanese worried about restrictions

THE JAPANESE motor manufacturers would like to increase exports to the Common Market countries but not if it stirs up further restrictions either from the Community in general or from individual member countries. The general feeling in the Japanese industry seems to be that it should be satisfied with the present situation and not do anything to rock the boat.

There is a real fear among the Japanese that the EEC countries as a group might consider some sort of restriction on car imports at the next trade meeting with Japan scheduled to take place early in 1980. This is a sensitive issue but, some in the industry believe the Japanese Government should stand up for

its motor industry and not back down in the face of European demands.

Current annual imports of Japanese vehicles to Italy are held at 2,000. France has asked for Japanese imports to be kept at around 3 per cent of the market. In the UK, Japanese imports are about 10 per cent and in West Germany they have reached about 5 per cent and there are indications that the Germans are becoming concerned about this penetration of their market.

According to statistics from the Japanese Automobile Manufacturers Association (JAMA), shipments of cars to Europe—not just the EEC countries—in 1978 were 745,932, representing

a useful 16.2 per cent of total exports. Compared with this exports to the U.S. were 1,891,537 or 41.1 per cent.

In the first eight months of 1979 shipments to the Common Market countries rose from 420,426 in the corresponding period last year to 480,915.

The Japanese industry agrees that imports of foreign cars to Japan should be increased if the friction between Japan and the EEC is to be eased.

Mr. Jiro Yanase, president of the Japan Automobile Importers Association (JAIA), has indicated that eventually imports might increase to 200,000 a year or 8 per cent of the Japanese domestic market. That has to be set against 49,932 in 1978 and 42,190 in the first

eight months of this year (compared with 23,057 in the same period of 1978). A JAIA executive estimates that the total for 1979 could reach 60,000.

Prior is the main stumbling block to car imports in Japan. Imported vehicles in Japan cost about three times the price they command in their country of origin. However, recently some best-selling European models have been offered in Japan at only 10 to 30 per cent higher than in the home market, comparably equipped.

Japan abolished the 6.4 per cent import tariff on passenger vehicles some time ago and this, plus the higher standing of the yen against major currencies, has been a help in reducing import prices.

Successful

In 1978 West Germany was the most successful car exporter to Japan, with 28,888 registered, followed by the UK 2,107, Italy 1,639 and France 1,380. Imports in total accounted for a lowly 1.8 per cent of the Japanese market and reached 50,374.

Among the individual European companies, Volkswagen's Japanese sales in 1978 totalled 15,187, Mercedes 4,261, Audi 2,813, BMW 1,580 and Volvo 1,299.

The Japanese also realise they should be buying more car components from Europe as a way of balancing automotive trade. But the Japanese car assembly groups are used to prompt delivery which enables them to keep very low stocks and stable prices over long periods—something suppliers outside Japan find it difficult to match.

Many Japanese manufacturers have plants in Europe to assemble car kits, mainly because import restrictions force them to take this approach. The plants are in Ireland, Portugal and Greece. Output is limited and none of these plants is geared for export to other countries in the EEC.

For the record, the major Japanese companies say they have no intention of setting up any manufacturing operations in the Common Market. They suggest this would not be economical because of the small sales volume.

However, Honda Motor has reached a licensing agreement with BL (British Leyland) for the UK companies to manufacture a middle-range car of under 2,000 cc, with Japanese design, engine and transmission.

BL is expected to market this new vehicle in the EEC through its distribution network. It would not be exported to the U.S. or Japan or compete with Honda's own version. Honda expects a final agreement to be reached in a couple of months. Various EEC approvals are still awaited.

By a Correspondent

Senator. The small circle of exclusive cars has grown a little.

Once, not so long ago, you could count the number of true prestige cars on the fingers of one hand.

Now there's a genuinely new contender.

The car that won Germany's coveted 'Golden Steering Wheel' award before a panel of automotive experts from all over the world, for safety, comfort and performance.

The Senator.

From one of Europe's most successful car manufacturers—Opel. That the Senator can only add to the marque's success is confirmed by 'Car' magazine; 'Do the much respected Mercedes-Benz 280SE and BMW 730 have anything to fear from the sleek new Opel Senator

3.0E? You bet they do!

The Senator offers you a three-litre, six-cylinder, fuel-injected engine capable of 0-60 in under 10 secs without a murmur ('Car' figures.)

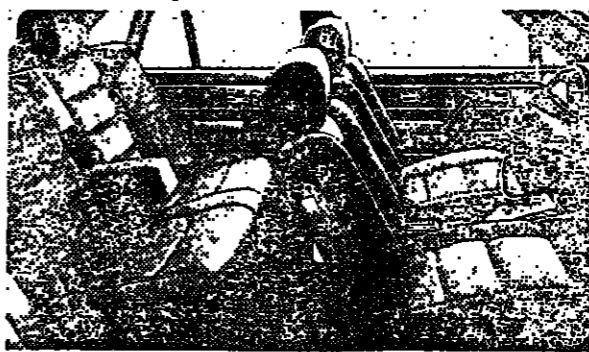
That's something you, or your chauffeur, will appreciate.

So is the mood of sheer opulence that surrounds you. From the deep velour seats, the rich pile carpets, to the tinted, electrically operated windows.

Suffice to say, the Senator is equipped with everything you've every right to expect from a luxury car.

When you get behind the wheel (power assisted, of course, and adjustable) you'll be cosseted by front-seat

heating and height adjustment, full instrumentation and driver information systems, a cassette radio, centralised locking, plus everything else that can transform modern motoring from an ordeal into a pleasure.

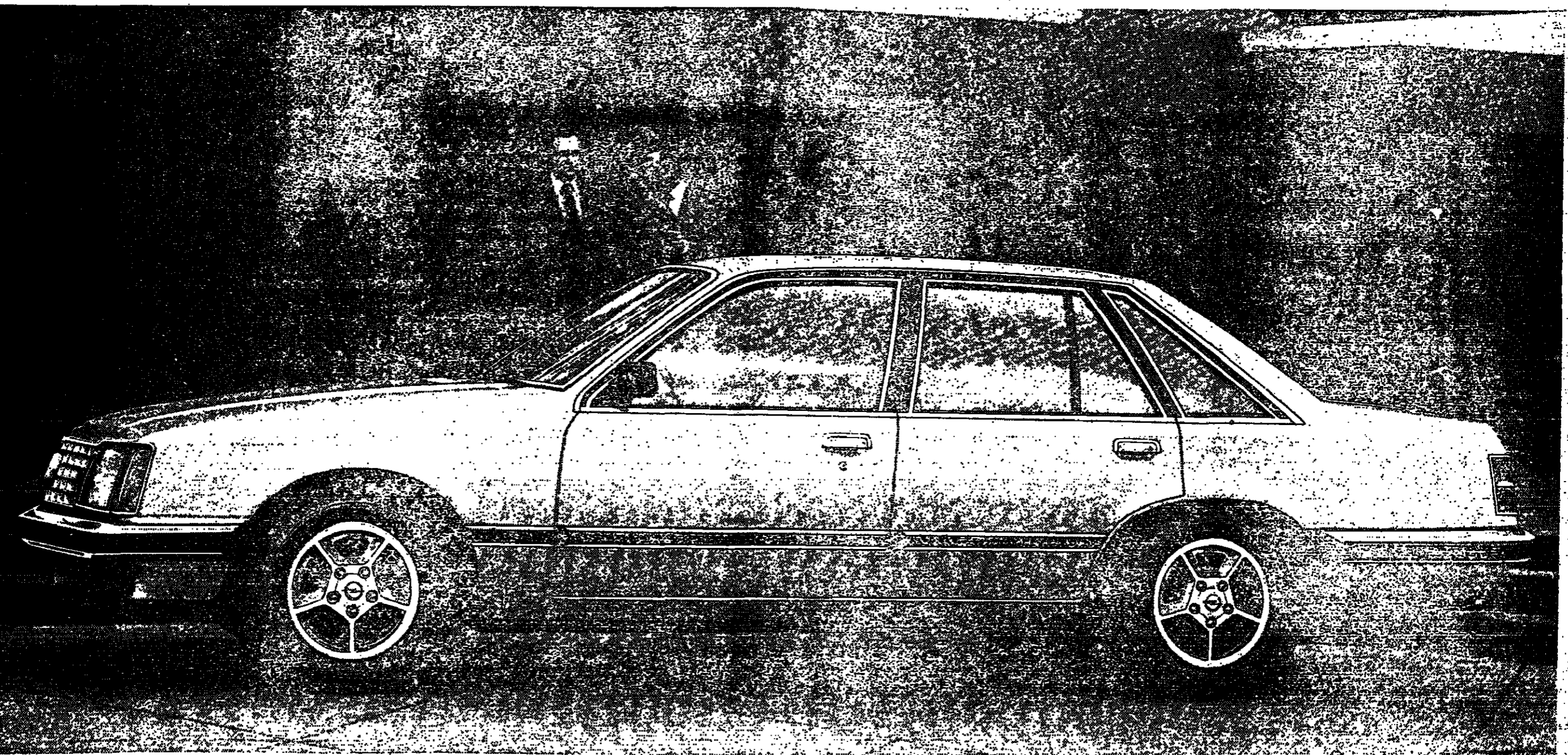


In purely practical terms, the Senator, at around £11,000, with its automatic transmission, can do a great deal to make the business of getting from A to B more comfortable, more efficient, less time consuming.

And do it in style.

We suggest you write to the Opel Information Service, PO Box 2, Central Way, Feltham, Middlesex TW14 0TG, for a comprehensive information package on the Senator.

After that, we'll let a test drive do the talking.



SENATOR by Opel

مكزامن الاحمد

Cuban exiles revive Miami

BY STEWART FLEMING



The area of Miami known as "Little Havana"

THEY CAME in the 1960's: by some estimates close to half a million Cubans arrived in the U.S. after Fidel Castro's revolution. Most settled in South Florida, with the densest population accumulating in a part of Miami to the south of the city known as "Little Havana."

Like many other immigrants into the American melting pot they were fleeing a political regime they feared. But in many respects the Cubans who were welcomed into the U.S. at least in part because of their presumed political convictions, were far from typical immigrants.

There is now a broad consensus that were it not for the drive of the Cuban and Latin American population of Miami, the city would almost certainly today be a rapidly deteriorating tourist spot with its best days behind it, populated by retired people, many finding it harder and harder to make ends meet in an inflationary age.

Instead Miami seems to be headed for a revival as a focus of commerce, banking and tourism for Latin American and Caribbean countries, albeit a revival tarnished with fears that illicit drug profits may be fuelling some of its growth.

Drug profits aside, a transformation of the economy has got underway in the past few years. Fifteen major U.S. banks, including Citibank and Bank of America, have set up offices in Miami from which they are orchestrating some of their Latin American and Caribbean basin business. Some foreign banks, Lloyds Bank among them, are also established and more are expected. Meanwhile several wealthy Latin American businessmen have bought control of U.S. banks based in Florida. The Isaias family of Ecuador, for example, controls the Republic National Bank of Miami which has assets of \$200m.

At the town of Coral Gables, not far from downtown Miami, some 80 multinationals, including General Electric and Exxon,

have set up regional headquarters for some Latin American operations.

It is not only its commercial but also its social and political development which is setting Miami apart from any other major U.S. urban area. Miami is already well on the way to being a bilingual city. Voting ballots are printed in Spanish and English, the main daily newspaper, the Miami Herald, has a Spanish language edition, El Miami Herald, and more and more companies require their staff to be bilingual. Unique among American cities it is southward looking, increasingly dependent on foreign countries, especially South American nations, for its prosperity.

This evolution has brought with it the prospect that when the votes are counted for membership of the five-person City Commission next month, Miami will emerge as the first big U.S. city with a government headed by a Latin American majority.

The Latin American dimension of U.S. society is a subject of growing significance and one which promises to have a great impact on many areas of the country's life. On some projections by the mid-1980s Hispanics—a generic term which tends to mask the distinguishing characteristics of groups as diverse as Mexican Americans, Cubans and Puerto Ricans—will outnumber blacks as the biggest minority group.

Whereas nationally the Hispanic population has tended to be concentrated in areas of high unemployment and below average wage levels and to have made little impact politically in proportion to their numbers, in Miami the Hispanic, and particularly Cuban, population seems to be poised on the brink of translating an economic success story into political power.

How, while Miami is a city of almost 400,000 people, not by any means small, it is part of Dade County, Florida. The country wields considerable political power and there are

no Hispanics on its nine-member Board of Commissioners or its School Board.

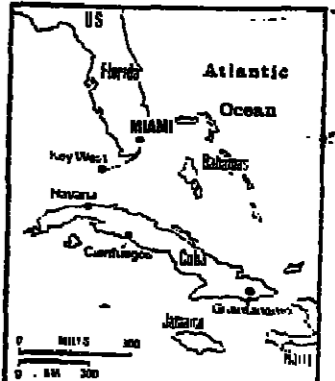
Having said that, Miami's significance, and wealth, is growing rapidly now and partly because of a determined voter registration drive by Hispanic politicians, the city will probably become an Hispanic power base in November. At present only two of its five commissioners (the mayor, Mr. Maurice Ferré, and Mr. Armando la Casa are of Hispanic origin—Mr. Ferré is in fact of Puerto Rican descent) but unless there are some upsets the number will rise to three.

For men like Mr. Julio Castano, director of Miami's Office of Trade and Commerce, who feel that the white or "anglo" business and political establishment—men like Mr. Harry Wood Bassett, chairman of Southeast Bank Corporation—have excluded Latins from political influence, the event will mark a welcome break-

through. There is no mistaking the Hispanic determination, as Mr. Castano put it, to "demand" to be included.

But it is already clear that the rising political and economic influence of the Hispanics is a disturbing trend for the black community and one which is a source of tension. The immigrant Cubans, with their low unemployment and above average earnings have risen above the blacks in the social scale.

Ms. Athalie Range, one of the earliest elected black leaders, confirms that blacks, unlike the Cuban immigrants, suffer above average unemployment rates and below average wage levels. As bilingualism has spread Hispanics have also become preferred employees in service jobs such as hotels and restaurants. Professor Jan Luyties, a respected observer of the economic scene in South Florida who works at Florida International University, has



partly from Federal funds, in an urban rapid transit system. A conscious effort is being made to make Miami unattractive to people who want to drive and park there.

Behind the revival of downtown Miami is the surge in the numbers of Latin American and Caribbean tourists and businessmen who are visiting the city—around 2m a year. The excellent air service and proximity are factors behind this surge in traffic, so too is the growing wealth in some countries nearby, Venezuela for example. This has helped the growing export from South Florida.

According to a study by Professor Luyties, the value of exports from the area has risen from \$3bn to \$4.6bn since 1974. But more significant perhaps is the fact that the area's share of U.S. exports to these countries has risen from 20 to 30 per cent. One factor, he suggests, is Cuban involvement in the import-export trade. Often Miami's Cubans ship to Cubans in import businesses in other Latin countries who had also fled the island after Fidel Castro's revolution.

But there are other elements in the direction in which Miami's economy is moving. A key one is that Miami is a Latin city now, and therefore a place where Latin American visitors feel comfortable. It is also a place where they can invest and run businesses. Some may want to take their profits in the U.S. and avoid tax, others keep their families in Miami for fear of kidnapping, others simply want to invest in the U.S. Some of this is "funk" money, funds being diverted from home countries because of political uncertainties. Undoubtedly Nicaraguan money found its way to Miami before the revolution there.

The volume of these funds is huge. Southeast Banking Corporation, the largest bank in Florida, says that of its total dollar deposits of \$3.2bn, fully

\$800m comes from Latin America and is held in an astonishing 43,000 individual accounts. Perhaps a total of \$2bn, bankers suggest, of similar funds are on deposit. Millions are pouring into Florida real estate, too.

There is, however, a seamier side to the picture of unbridled prosperity. According to Mr. Jack Eskenazi, U.S. attorney for the area, statistics on drug seizures suggest that Florida may now be the main gateway into the U.S. for the drug trade. He describes the routine violence between the gangs involved as "outrageous," adding that astronomical "sums" of money from the drug trade are being laundered through Florida banks. The U.S. Treasury has completed a study of bank note usage which supports the argument and is planning to tighten up on controls.

Mr. Eskenazi says that drug profits "have indeed been used in the establishment of other business ventures." Much of the traffic is believed to be in Colombian drugs and Governor Bob Graham of Florida went there at the end of September, to discuss the issue. He told the Financial Times before departing that he is concerned that the drug trade "has become a serious virus in our state social system."

Thus, in its new found prosperity Miami has failed to destroy one image it has always had in the popular mind—that of a haven for hoodlums and gangsters, something which must worry those who see the prospect of the city developing into a prosperous commercial centre.

recently completed research which suggests that black entrepreneurs have suffered from the success of their Hispanic competitors.

He also draws attention to the inclination of the local community to ignore the social strains which may be emerging. "It is only fair to mention," he says, "that as our efforts intensified a number of individuals questioned the wisdom of our investigations (into black entrepreneurship) since they believed that the probability of coming up with a viable solution was practically nil and opening up this Pandora's box would be more detrimental to the community than if matters were left alone."

Political and social change is one aspect of the radical developments in Miami, but underlying them is the new direction the economy has taken and its South American and Caribbean orientation.

In the early years of the de-

Letters to the Editor

Debited when you shop

From Mr. R. Cox

Sir—To most people electronic funds transfer (EFT), particularly its potential use at retail points-of-sale, is a fiddle wrapped in a mystery inside an enigma; but the English and Scottish clearing banks are now involved in a study of its application notably at the retail shop level.

Because the banks, in their own words, do not want to allow undue publicity at this time for their plans, very little information is generally available for reasoned consideration by retailers or consumers, more importantly by ordinary consumers (who usually have to pay, either in higher costs or reduction of service). What the motives of the banking community are in maintaining such secrecy can only be guessed at, but when the plans are eventually unveiled sometime next year, it is possible that they will put in train what will be subject to much modification.

From the retail point of view further information, made generally available, would be welcome. We read (October 4) that Key Markets has just installed its first laser-scanning system; many other retailers are currently examining electronic point-of-sale systems with a view to investment in them in the next year or so. What bedevils this progress is the thought that all these systems will have to be made EFT-compatible to allow the immediate debiting of customer bank accounts which the banks want in order to reduce the high cost of paper handling. The Retail Consortium is now involved in tri-partite talks with the banks and systems manufacturers and one hopes that the result of these deliberations will trickle down to retail membership in spite of the banks' disdainful view of participation.

Perhaps even more urgently, consumer views should be sought. The banks have apparently not thought it necessary. In search of a speaker on the consumer implications of EFTs I approached the Consumers Association, the National Consumer Council, the Office of Fair Trading and other apparently representative bodies. The result of all inquiries was a resounding indifference: no one could be "fielded at the present time" was one response. Perhaps the feeling underlying this complacency is that EFT at the point-of-sale is a somewhat exotic animal which will not attack us for decades and which, given luck, may even go away in time; thus there is little point in researching and discussing it now.

The banks obviously intend it to come; are we to stand in mute trust, particularly as ordinary consumers, and let it—without a shout?

Roscor Cox,
Retail Conferences,
30, London Road,
Westerham, Kent.

Controlling monopolies

From Mr. M. J. H. Marshall

Sir—Your leading article "Controlling monopolies" (October 4) draws attention to the lack of clear policies of successive governments towards nationalised industries and the newer state-owned corporations. Equally the development of competition policy in the UK has been pragmatic but is becoming clearer through the work of the Office of Fair Trading. (The director-general's powers are due to be strengthened with the enactment of the new Competition Bill).

The point that concerns many people, surely, is that we have in the UK some very different types of organisation in state control, each type needing a different approach. Those organisations which can trade internationally should be encouraged greatly to do so subject to the disciplines of competition law, while those which are truly public utilities operating in the domestic market need a clear operating framework and control structure.

Your criticism of the Monopolies and Mergers Commission is unfair. Their function is not executive, but to investigate, report and recommend to the Secretary of State. In my experience they perform an effective function with very limited resources compared to their opposite numbers in other jurisdictions.

The director-general of Fair Trading has powers and duties under the Fair Trading Act to

monitor commercial activities and it should be possible to extend his duties in the Competition Bill (Clauses 11, 12 and 13) so that he, as well as the Secretary of State, can enquire into possible abuses by nationalised industries.

M. J. H. Marshall,
105, High Street,
Sevenoaks, Kent.

Accidents and bargains

From the Economic Adviser, Burge and Co.

Sir—It would be tragic to lose the point I made (September 18), namely that accidents and injuries in industry fall in periods of "income policy" by any misunderstanding with Mr. B. C. Brown, director of statistics, Health and Safety Executive (September 21), affecting the data used. Accident data is notoriously difficult to collect, classify and interpret.

A simple solution for us lies in using the data for all UK manufacturing accidents. Furthermore, the use of an index like "Incident Rates per 100,000 employees" overcomes most classification difficulties. Mr. B. C. Brown has kindly confirmed that the accompanying table is in agreement with calculations made in his office.

Year	Accidents per 100,000 at risk
1973	3,710
1974	3,520
1975	3,490
1976	3,480
1977p	3,590
1978p	3,630

p = provisional.

The good years 1975 and 1976, coincided with periods of "income policy" in the UK. Since the numbers of people in manufacturing employment are large, the falls in accident rates in 1975 and 1976 are meaningful.

I refer to the point that my discussions in industry suggest that negotiations by management and unions for the introduction of safer working practices enjoy more time and peaceful co-operation in periods of "income policy."

A. G. Horsfall,
25, Workshop Street, EC2.

Peter Grimes in Japan

From Mr. B. Dennis-Browne

Sir—Having just returned from a business trip to Japan, and having been fortunate enough to attend one of the Covent Garden opera performances, read with great interest your article (September 22) covering this historic visit of our company, of which we are all so justly proud.

One important point I must correct, or perhaps update, may be of interest to your readers who read Saturday's article. The opera which I chose to see from the three performed was Peter Grimes, as had seen Jon Vickers' interpretation in London (and also at La Scala when our London company took it there a few years ago), and wondered how the audience would react to this strange and different music without prior study. I knew however, that they would be bowled over by everything that Jon Vickers did and sang in the part.

In your article you referred to the fact that 70 per cent of the Grimes tickets were still unsold one week after the beginning of the tour. Your readers will be delighted to know that at the second performance—in Tokyo which I attended, there was not an empty seat. The ovation at the end of the opera lasted just under eight minutes and the entire company, including Jon Vickers' Geraint Evans and Colin Davis seemed genuinely thrilled with the reaction from a most attentive audience. The local Press after the first night was excellent and referred to the deeply moving performance of Vickers, surely one of today's greatest operatic interpretations.

B. J. Dennis-Browne
Roberts,
2, Waterbury Grove,
Weybridge, Surrey.

Forestry taxation

From Mr. B. Howell

Sir—Thank you for giving some publicity to the technicalities of forestry taxation (Men and Matters—October 3).

Today's Events

GENERAL

U.K. National Economic Development Council meeting, London, to review Economic Development Committee and Sector Working Parties.

Zimbabwe-Rhodesia constitutional conference resumes, Lancaster House, London.

ITV unions meet companies with peace formula.

Transport and General Workers Union members mass meeting at Vauxhall, Ellesmere Port.

Sunday Times management and NATSOPA clerical chapel discuss redundancies.

Informal preliminary meeting of participants in public inquiry (to be held November 27) into proposed second passenger terminal at Gatwick Airport, Crawley.

Two Transport and General Workers Union officials accused of extortion after last winter's lorry drivers' strike, Sheriff Court, Kilmarnock.

Sir Kenneth Cork, Lord Mayor of London, greets President of Municipal Council of Penang at Heathrow Airport; receives Commissioners of the Inland Revenue, Mansion House.

Mr. Harold Macmillan names an electric locomotive after himself at Euston Station.

Mr. Henry Cotton receives Walter Hagen Trophy for services to golf, Simpsons, Piccadilly.

Two-day London Book Fair opens, Grosvenor House.

Overseas: Warsaw Pact countries meet in East Berlin. Mr. Leonid Brezhnev, the Soviet leader, makes speech on Cuba.

Mr. Knut Fryden, Norwegian Foreign Minister, addresses Council of Europe Assembly, Strasbourg, in his capacity as chairman-in-office of the Council of Ministers of the Council of Europe.

OFFICIAL STATISTICS

Wholesale price index numbers (September—provisional). Personal income, expenditure and savings, and company profits (second quarter). Housing starts and completions (August).

COMPANY RESULTS

Final dividends: Glaxo Holdings, S. Lyles, Scottish Metropolitan Property, Starrite Engineering Group. Interim dividends: Ayrshire Metal Products, Edinburgh Investment Trust, Free, mans (London S.W.9), Hunting Gibson, Albert Martin Holdings, William Pickles, Reed Executive, Walsi-tholme Rink.

COMPANY MEETINGS

See Financial Diary on page 18.

LEEDS 5-YEAR 'HIGH RETURN' SHARES GIVE YOU

10.75% NET = 15.36% GROSS

*Where income tax is paid at 30%.

HIGHEST RATE OF INTEREST EVER AT THE LEEDS

Now your savings can earn you, at current rates, the equivalent of 15.36% gross on a new special 5-year term share, if you pay income tax at 30%.

We guarantee your interest.

Whatever happens to interest rates, whether they go up or down, we guarantee that your 5-year 'High Return' Shares will always earn an extra 2% more than the rate on Paid-up Shares. A similar guarantee goes for two, three, or four-year 'High Return' Shares when your money will earn an extra 0.5%, 1.0%, or 1.5% respectively.

How to get your 'High Return' Shares.

You can buy Leeds 'High Return' Shares with just £500 or as much as £15,000 (up to £20,000 for joint investors). All you have to do to get the extra interest is to leave your savings in the Leeds for 2, 3, 4 or 5 years.

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The Leeds PERMANENT BUILDING SOCIETY

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Find your local branch in Yellow Pages.

Say 'the Leeds' and you're smiling

SUM INVESTED	CHOOSE CAPITAL GROWTH	OR MONTHLY INCOME
£500	£844	£4.48
£1,000	£1,688	£8.96
£5,000	£8,440	£44.80
£15,000	£25,320	£134.38

Extra value of each additional £100 invested: £169

Assuming current interest rates continue.

Come in to your local branch.

The Leeds is one of the biggest societies in the world, with over 300 branches in the U.K. Wherever you are, there's bound to be a branch near you. So pop in and see us today. We'll soon bring a smile to your face.

UK COMPANY NEWS

Companies and Markets

BIDS AND DEALS

Armstrong and GKN agree exchange terms

TERMS have now been agreed between Guest Keen and Nettlefolds and Armstrong Equipment for the exchange of certain subsidiaries first announced in August.

GKN is to pay £14m for Armstrong's automotive replacement parts wholesale and retail outlets in the UK, Ireland and France, and Armstrong is to buy Firth Cleveland Fastenings from GKN for £2.1m.

Armstrong's shareholders will have to approve the deals at a special meeting on October 25 because of their impact on the overall nature of the group.

The Autoparts business which GKN is to acquire accounted for £22.1m of Armstrong's £94.4m turnover in the year to the beginning of July, and for £1.5m of group pre-tax profits of £8.75m. Net tangible assets attributable to Autoparts are said to be £13.3m, before deducting inter company loans, while Armstrong's total shareholders funds at the year end amounted to £48.5m.

Armstrong's Board explains that the cash proceeds will be spent on expanding the automotive component manufacturing sides of the group and on fastenings and engineering expansion both organically and through acquisitions.

With the purchase of Cleveland, Armstrong will get net tangible assets of £33m (before deducting inter company loans)

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final and the sub-divisions shown below are based mainly on last year's results.

TODAY

Interim:—Ayrshire Metal, Edinburgh Investment Trust, Freemans (London SW9), Hunting Gibbes, Albert Martin, William Pickles, Reed Executive, Wolstenholme Rink.

Final:—Gazco, S. Lyles, Scottish Metropolitan Property, Starvis Engineering.

FUTURE DATES

Interim:—

Berkeley Hambro	Oct. 16
Mowlem (John)	Oct. 16
Nathan (S. and L.)	Oct. 16
Phosag (London)	Oct. 16
Runciman (Walker)	Oct. 23
Final:—	
East Rand Gold and Uranium	Oct. 18
Free State Gold	Oct. 18
London South Finance	Oct. 22
President Brand Gold	Oct. 18
President Sijm Gold	Oct. 18
South African Gold	Oct. 18
Welkom Gold	Oct. 18
Western Holdings	Oct. 18

the past financial year and announced that it expects to buy a similar number this year, despite the poor start due to the engineering dispute.

GKN has been actively building up its distribution network for motor parts through acquisitions. In February it bought Parts Industries Corporation in the U.S. which has a turnover of nearly £50m. Then in May it made an agreed £40m bid for Sheppridge Engineering which also specialises in distribution.

With the acquisition of Autoparts, GKN will have trebled its motor parts distribution side and it does not intend to stop there. Last month it announced talks with Unilever to buy a majority stake in Unisep, the French parts distributor which has a turnover of £30m.

See Lex

BICC PURCHASE IN CANADA

Phillips Cables, of Brockville, Ontario, which is controlled by the BICC group, is buying the cable manufacturing business of Northern Telecom Canada, the largest telecommunications equipment maker in Canada.

The cable business has annual sales of about £340m. The sale represents Northern Telecom's policy to sell off its cable and wire interests and concentrate on telecommunications equipment.

Pullman to buy 29% of Paradise

R. and J. Pullman, the textile and clothing group, is to extend its fur and leather clothing interests by the purchase of a 29 per cent stake in B. Paradise, a loss making furrier and leather manufacturer and distributor.

At present the directors of Paradise family, control 70.6 per cent of the equity but they have agreed to sell 29 per cent to Pullman at 10p a share, a stake worth £36,250. The deal is, however, subject to consent by the Take-over Panel.

In the year to January, Paradise lost £216,968 before tax compared with a small profit the year before, and passed the dividend. A major reorganisation has since begun.

Pullman's profits for the 13 months to April were £1.5m compared with £1.2m in the year before, and passed the dividend. The group raised £3m by a rights issue and a debenture issue of £1.2m. The Skincraft chain of leather shops for just under £1m.

Parker Timber improvement

An improvement in trading conditions has been experienced by Parker Timber in the first quarter of its financial year ending March 31, 1980, Mr. K. Whitty, the chairman, tells shareholders.

His remarks are made in the Harrison and Crossfield offer document for the group which has been recommended by the Parker directors.

The offer document also discloses that at the close of business on September 10, 1979, B and C and its present subsidiaries had outstanding bank loans and overdrafts of £43.7m (£2.5m secured), other loans £2.26m (£150,000 secured) and hire purchase commitments £32,000.

Harrison's advisers, Baring Brothers, say in the document that Parker will bring to Sabah Timber part of the B and C group, a wider involvement in sheet metals and an important interest in export packing and warehousing.

If the offer becomes unconditional it is the intention of B and C to develop the business of Parker as a separate group under its own management within the Sabah Timber group.

ARLINGTON MOTOR

Arlington Motor Holdings has completed the purchase of the trading assets and goodwill of Hove Motors and Hove Motors (Services). The consideration of £488,686 has been satisfied by the allotment of 374,735 ordinary shares and £83,967 cash—a further small amount is to be paid dependent on final verification of outstanding items.

BRITISH TAR

British Tar Products has sent out a circular giving further details of the acquisition of certain assets of British Tanners Products.

BTTP says it is still too early to give a firm forecast of the current year results but it is encouraged by the good start made and by the new opportunities resulting from the acquisition, and looks forward to the remainder of the year with confidence.

BEWAC EXPANDS

Bewac Motors, part of the Incheape group, has acquired the Peter Spillman garage in Spittal, Berwick-upon-Tweed.

It is a main Volkswagen/Audi dealership, with its franchise extending from North Northumberland, Berwickshire, Roxburghshire, and into half of East Lothian. Turnover is around £2m.

HEPWORTH CERAMIC

The rights issue of Hephworth Ceramic Holdings has been accepted in respect of 87.4 per cent of the 31.47m shares offered.

Shares not taken up have been sold at a net premium of 13.7p per share will be distributed to persons entitled.

Dealings continue in renounceable form and the last date for registration of renunciation is November 16.

James Walker looking for further expansion

IN his annual statement, Mr. G. S. Sanders, chairman of James Walker Goldsmith and Silver-Smith, says that present turnover has benefited from the pre-Budget boom and he has every confidence that trading income will increase materially later in the year.

It is the Board's intention to recommend a maintained dividend of 3.5p on capital increased by the recent one-for-five scrip issue.

The directors have been actively engaged in negotiations for the acquisition of several successful businesses and it is hoped to bring these to conclusion before the end of the year, Mr. Sanders says.

For the year ended April 30, 1979, turnover (exclusive of VAT) rose from £17.3m to £21.25m and pre-tax profits were higher at £3.44m compared with £3.06m previously.

During the year the company acquired the capital of Checkbury. As the net liabilities of Checkbury and its subsidiaries are not liabilities of Walker, the directors consider that the consolidation of Checkbury and its subsidiaries would be misleading.

During the period to April 30, 1979, the Checkbury group made a loss before tax of £2.77m after charging interest on bank loans and overdraft of £1.6m and crediting rents receivable of £99,450.

The loss, after a nil tax charge together with accumulated losses at the start of the period of £7.06m were carried forward.

Checkbury has 500,000 authorised, issued and fully paid £1 ordinary shares. There is an advance profit and loss account balance of £9.82m. The consolidated balance sheet shows properties held for resale at cost of £6.69m, debtors of £46,707, cash and bank balances of £47,462, creditors of £1.09m and secured bank loans and overdrafts of £15.02m.

The directors of James Walker say the group has not become indebtedness of the Checkbury group.

They have advised that a substantial tax advantage will accrue to James Walker from

the Checkbury acquisition and losses of that group for the period to April 30 this year should be available for group relief against taxable profits for 1978-79.

However, credit for this has not been taken in arriving at the year's tax provisions.

Braham Valentine and Co., chartered accountant, qualified the Checkbury accounts, stating: "In view of the uncertainty in the property market the directors are unable to express an opinion as to the market value of the group's property interests and no independent valuation has been made during the period."

"We are therefore unable to form an opinion as to the value of the group's property interests at the balance sheet date or of the company's investment in subsidiaries."

Finlay Ross Allfields, auditor to James Walker, expresses no opinion on the accounts of Checkbury and its subsidiaries, which have not been consolidated with the other group companies.

Meeting, Century House, Streatham High Road, SW, October 31 at noon.

Sobranie hopes for better outcome

The directors of Sobranie (Holdings) will be very disappointed if next year's efforts do not reflect a somewhat better picture, Mr. C. R. Redstone, the chairman says in his annual report.

For the year ended February 28, 1979, the group incurred a pre-tax loss of £20,624 compared with a £64,093 profit previously. Turnover was down from £8.57m to £7.95m.

The loss was mainly due to an unpredictable loss in the engineering division. "When we have plugged the leak in the engineering section, we can regard ourselves as back again on the road to profits," Mr. Redstone now tells shareholders.

Directors have disposed of a portion of the loss-making engineering subsidiary and have

S'hampton Steam up to £0.34m

On turnover ahead from £2.2m to £2.6m taxable profits from Southampton, Isle of Wight and South of England Steam Packet rose from £249,543 to £345,157 for the first half of 1979. Last year's figure included £154,233 surplus on fixed assets.

The pre-tax profit was also struck after interest and dividends received which in the first half had risen from £18,142 to £77,912.

The net interim dividend per 50p share is being lifted from 3.5p to 4p. Last year, after making a taxable surplus of £1,099m, the group paid dividends totalling £11,25p.

Tax at mid-way is up from £129,658 to £178,431.

Good start by Hillards

A good start to the current year had been made by Hillards, the supermarket operator, Mr. G. N. Hunter, chairman, said at the annual meeting.

The record of achievement and anticipated implementation of plans augured well for continued growth, Mr. Hunter added.

The group would be opening four new stores in the current year adding more than 100,000 square feet of selling space. The Batley store opened in August and the group's largest store—34,000 square feet—would open next month at Huddersfield, the chairman said.

By next spring, the group would be trading from new stores at Oldham and Selby.

Firmin dips to £180,000 at mid-way

Taxable profits of Firmin and Sons dipped in the first half after the company had been hit by industrial disputes. On turnover down from £983,000 to £874,900 the pre-tax surplus fell from £218,000 to £180,000 in the first half of 1979.

The board says that following national and domestic unrest at the beginning of the year, factory output was hit by industrial action lasting from June 20 to August 22.

However, the interim dividend is being lifted from an advised 0.7048p net to 1p. The directors say that the final payment will depend on how industrial action has affected second-half results.

Last year the group paid an adjusted total of 2.0768p after lifting taxable profits to £297,000. Stated earnings per 25p share are down from 4.89p to 4.61p.

Tax, adjusted for SSAP 15, is down from £91,000 to £60,000.

Confidence at Waverley Cameron

The directors of Waverley Cameron, Edinburgh-based stationery maker, have released an interim statement for the first time, showing turnover of £1.03m for the six months to June 30, and pre-tax profits of £118,361.

Home market sales in the second half are expected to show their customary improvement as a result of Christmas trade demand and the board is confident that progress will be maintained.

Exports continue to do well despite home inflation and currency problems, the directors add.

First half profit is struck before tax of £59,958 less stock relief now released, £61,697. Earnings per share are stated as 48p.

Last year, the group reported pre-tax profits of £288,750 on sales of £2.31m. The single dividend was lifted from 7.885p to 11p.

CRESCENT JAPAN

Crescent Japan Investment Trust has made early repayment of its total foreign currency loans amounting in aggregate to Y2.52m.

Mercantile House acquisition

Mercantile House, the money broking group formerly known as M. W. Marshall, which came to the market in July, is to take over another foreign exchange and currency deposit broker, Woolworth and Company.

Agreement in principle has been reached between the two money brokers over the terms. Mercantile is to pay around £1.75m for Woolworth based on its after tax profits for the year ended last March of £265,000.

Mercantile will issue £1m in 10 per cent loan notes and £500,000 in shares for Woolworth, and will pay the balance in cash. In return it gets a company with net tangible assets expected to be around £540,000 including a portfolio of listed investments with a current market value of £485,000. The actual figures—and the price—will be subject to a report on Woolworth by Erice Waterhouse.

When Mercantile came to market in July its after tax profits for the year to April were stated

as £1.3m on a turnover of £16.3m. Net tangible assets were £2.3m. Woolworth's size, relative to that of Mercantile, means that approval of the deal will need to be sought from Mercantile's shareholders.

NO PROBE

The proposed acquisition by the Control Data Corporation (U.S.) of a 24 per cent holding in United Peripherals, a new subsidiary of Data Recording Instrument Co., is not being referred to the Monopolies and Mergers Commission.

A. HOWDEN (SA)

Alexander Howden (South Africa), the insurance broker 60 per cent controlled by UK-based Alexander Howden Group, has acquired Nathan Lazarus Holdings independent short-term insurance broker for R853,000 cash, and the issue of 770,000 Howden shares at 110 cents each.

SHARE STAKES

Wolsley-Hughes — Norwich Union Insurance holds 837,849 shares (5.28 per cent).

Godfrey Davis—Rothschild Investment Trust has acquired 100,000 shares making holding 3,687,500 (24.39 per cent).

Ductile Steels — Britannic Assurance holds 778,000 shares (6 per cent).

Associated Biscuit Manufacturers—Mr. M. S. Carr, director, has disposed of 35,400 non-beneficial shares at 92p, leaving hold 126,900 shares.

Greycoat Estates—Mr. R. R. Spinney sold 100,000 shares on September 25.

UNITED BRITISH SECURITIES TRUST LIMITED

Secretary—Investment Trust Services Limited.

Three year summary of results

Year ended 30th June	Gross Revenue £'000	Ordinary shares Earned per share	Paid per share	Gross Assets (less current liabilities) £'000	Net Asset Value per Ord share
1977	3,086	3.98p	3.97p	69,390	155p
1978	3,366	4.44p	4.44p	76,835	171p
1979	3,839	5.10p	5.10p	76,160	170p

The figures for 1977 have been adjusted where necessary to take account of the capitalisation issue in October 1977, of 1 new ordinary share for each ordinary share held.

In his statement Lord Wyfold said: "The government's policy is to reduce the level of intervention and to demand more self-reliance both in industry and in society. The introduction of such a policy will create its own tensions and difficulties and, if successful, will probably increase both the risks and rewards of investment. We are hopeful that in this new era, we shall be able to continue to provide our members with steadily growing income and long-term protection of capital."

Copies of the Accounts are available from the Registrars, 95 Southwark Street, London SE1 0JA.

Our Eurobanking Services

Luxembourg

We are the wholly-owned subsidiary in Luxembourg of Badische Kommunale Landesbank, a leading German bank headquartered in Mannheim. Our Eurobanking services include:

Syndicated Euroloans

In line with prevalent market conditions and specific client needs, we manage or participate in selective international loans arranged either on a fixed-interest basis or as a roll-over credit facility for borrowers requiring a flexible choice of currencies or maturities.

Complementing our diversified Eurocredit capabilities in Luxembourg, we are also active in money market and foreign exchange dealing,

as well as fixed-interest security trading. To find out more about our Eurobanking services just contact:

- Albert Feilen - Managing Director, Syndicated Euroloans;
- L. Otaviani - Money market and Foreign exchange dealing;
- Dr. H. Braun - Security trading

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WORLDWIDE FUND LIMITED

A commodity futures trading fund

Net Asset Value per \$1 share as at 30th September, 1979, \$14.64.

Rates paid W/E	Oct. 7th, 1979	7-day
Call	% p.a.	% p.a.
Mon.	13.849	13.954
Tues.	13.862	13.922
Wed.	13.908	13.853
Thurs.	13.901	13.777
Fri./Sun.	13.789	13.715

NORTON & WRIGHT GROUP LIMITED

Summary of Results	Year ended 31st March 1979	Year ended 31st March 1978
Turnover	5,780,706	3,857,735
Profit before tax	1,250,771	936,626
Dividends	101,568	54,162
Earnings per share	12.51p	8.12p
adjusted for 1 for 1 scrip issue as at 29th September 1978.		

Extracts from Chairman's Statement

★ Exports represented 22% of total turnover.

★ Proposed final dividend of 2.2482p per share making a total of 2.9801p per share for the year, compared with 2.1147p for the previous year. This increase is in proportion to the increase in earnings per share.

"Turnover for the first five months of the current year shows a satisfactory increase on the comparative period of last year"

D. S. ROCKLIN, Chairman.

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HILL SAMUEL GROUP LIMITED

U.S. \$30,000,000

FLOATING RATE NOTES DUE 1992

Offering price: 100% of the principal amount

The following have agreed to offer the Notes on behalf of Hill Samuel Group Limited:

MORGAN STANLEY INTERNATIONAL Limited	HILL SAMUEL & CO. Limited
BANQUE NATIONALE DE PARIS	CITICORP INTERNATIONAL BANK Limited
DEUTSCHE BANK Aktiengesellschaft	KREDIETBANK INTERNATIONAL GROUP
LLOYDS BANK INTERNATIONAL Limited	

The 30,000 Notes of US\$ 1,000 each constituting the above issue have been admitted to the Official List of The Stock Exchange in London subject only to the issue of the Notes.

Full particulars of the Notes are available from Extel Statistical Services Limited and copies may be obtained during normal business hours up to and including 22nd October, 1979 from:—

Hill Samuel & Co. Limited 100 Wood Street, London EC2P 2AJ	or	Hoare Govett Limited, Heron House, 319-325 High Holborn, London WC1V 7PB
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NMB

Nederlandsche Middenstandsbank N.V.

Registered Office Amsterdam

announces the issue of

Dfls 150,000,000

9% Debentures 1979 due 1980/1989

in bearer denominations of Dfls 1,000 each.

The bank reserves the right to increase the amount to a maximum of Dfls 200,000,000.

The issue price will be fixed on October 8, 1979.

Interest payable annually on November 1 without deduction of withholding tax.

Redemption at par in 10 almost equal annual instalments from November 1, 1980 until 1989.

Application has been made for quotation of the Debentures on the Amsterdam Stock Exchange.

Subscription will be open from October 10, 1979 at 09.00 hrs. and will be closed at 15.00 hrs. on that date.

Date of payment: November 1, 1979.

Nederlandsche Middenstandsbank N.V.
Amsterdam, October 4, 1979.

7080-6060

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R-R REALISATIONS LIMITED

(In Voluntary Liquidation)

formerly ROLLS-ROYCE LIMITED

(In Voluntary Liquidation)

Conclusion of the Liquidation

The Receiver and Joint Liquidators announce that they have now resolved all material outstanding matters and that, with the approval of the Committee of Inspection, they intend to declare a final distribution of 8.41p per £1 of Ordinary stock held, making a total distribution of 63.41p per £1 stock held. (Workers' (1955) Stock in the hands of individual holders was, during 1973, assigned at full face value to a consortium of financial creditors of the company who rank for distribution pari passu with Ordinary Stockholders.)

In their report of 13 November 1978, the Receiver and Joint Liquidators estimated total distributions to stockholders of 61.7p per £1 stock held. Subsequently it has been possible to increase this figure by 1.71p per £1 stock held, mainly because of the following factors:

- The proceeds of sale of the 50% interest in Bristol Aerojet Limited were higher than had been prudently anticipated.
- A provision of £300,000 against a possible liability for taxation payable by the liquidator of a subsidiary company was not required.
- The amounts required to meet contingent claims and liabilities were materially less than expected.

The main reasons for the satisfactory outcome to the receivership and liquidation are that the aero-engine business was kept going and sold to the Government controlled company now known as Rolls-Royce Limited and that the motor car and diesel engine businesses were saved and subsequently floated as Rolls-Royce Motors Holdings Limited. The aero-engine business was sold on a willing buyer/willing seller basis, the RB211 assets being valued at £1 provided that the Lockheed contract could be re-negotiated; in the event this contract was successfully re-negotiated, and as part of the re-negotiation Lockheed and their American airline customers waived their claims to damages. Furthermore, cancellation and similar liquidation losses were substantially avoided not only on the RB211 contract itself but also on contracts with sub-contractors and raw material suppliers.

It is intended to send to Ordinary Stockholders on 5 December 1979 a warrant for the final distribution due, together with notice of the final meeting to be held on 28 February 1980.

Ordinary Stock certificates will be returned separately in due course.

E. R. NICHOLSON
W. K. M. SLIMMINGS
K. D. WICKENDEN
Joint Liquidators

First Union General Investment Trust Limited

(Incorporated in the Republic of South Africa)

1 FOR 5 RIGHTS OFFER 12,420,000 NEW ORDINARY SHARES AT 120 CENTS PER SHARE

Guardian Liberty Investment Corporation Limited is authorised to announce that 97.6% of the new ordinary shares offered in terms of the rights offer has been subscribed for by shareholders or their nominees.

The balance of the shares, being 285,000 shares, has been taken up by Liberty Life Association of Africa Limited in terms of the underwriting agreement.

Share certificates will be posted to shareholders by Wednesday, 17 October, 1979.

Johannesburg,
8th October, 1979

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual Interest gross pay- interest	Life Minimum of sum	Year of bond
Knowsley (051 348 6355)	12	£ 1,000	1
Knowsley (051 348 6355)	12½	1,000	5-7
Redbridge (01-478 3020)	11½	200	4-8
Redbridge (01-478 3020)	12½	200	6-7

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 12.10.79.

Terms (years)	3	4	5	6	7	8	9	10
Interest %	12	12	12½	12½	12½	12½	12½	12½

Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91, Watlington Road, London SE1 8XP (01-428 7822, Ext. 387). Cheques payable to "Bank of England, s/c FFI". FFI is the holding company for ICFC and FCI.

Mexico's businessmen come out of the cold

BY WILLIAM CHISLETT in Mexico City

THREE YEARS ago, under the populist government of Sr. Echeverria when relations with the private sector were at an all-time low, one of Mexico's best known captains of industry used to wear a bullet proof vest. When the more conservative Jose Lopez Portillo took over as president at the end of 1976 the industrialist hung it up at home.

The comparison pinpoints the tense atmosphere which developed towards the end of Sr. Echeverria's term of office between the Government and the private sector, and the latter's obsessive feeling, brought on by the 80 per cent devaluation of the peso, that the country was heading for ruin.

Three years later, those days—when rumours of coup d'etats were not infrequent—seem very distant. Now the word on the tongues of every industrialist in this oil-rich country is confianza (confidence) and instead of hercelly critical speeches, on both sides there are smiling faces and a lot more backslapping.

One measure of the new confidence outside the public sector can be judged from the record amount of private sector investment. This year it is forecast to increase by 19 per cent over last year to an all-time high of 325bn pesos (\$14.3bn).

The private sector also claims that it will beat another record this year and create 700,000 new jobs compared to 460,000 last year. If this target was met—



Sr. Jose Lopez Portillo

and many think it highly unlikely—it would be the first time that the unemployment rate has increased. A population growth of 2.9 per cent—one of the highest in the world—means that Mexico needs between 700,000 and 800,000 new jobs every year just to stop unemployment from rising.

Reliable employment statistics in Mexico do not exist, but a rough assessment of the new jobs can be made from the number of new members joining the social security system every year. In the first five months of 1979 there were 185,400 new privately employed social security subscribers compared to 140,000 in the same

period last year.

While this increase hardly makes a dent in the 40 per cent of the population that is currently estimated to be either underemployed or unemployed, there is no doubt that the private sector is expanding in an unprecedented way. The country is now afloat on a sea of oil which this year will earn some \$4bn, and has inspired new international confidence.

Mexican businessmen, however, claim that their own confidence has been motivated as much by the improved climate for private sector business created by President Lopez Portillo as by the recent discovery of huge oil reserves.

When the President took over from Sr. Echeverria in September, 1976, he was quick to establish a new rapprochement with them.

One of the first things he did was to go to Monterrey, bastion of the private sector, to make peace with the Grupos (holding companies). "Under the last President I could ring up and he would receive me in five minutes," boasts one of the country's leading businessmen. "But meetings often ended in arguments. We were always attacked."

"The door to the President is more open, but we see less of him as we have fewer problems. The difference now is that whereas in the past meetings were frequent and unproductive, now they are less often but more constructive. That is how it should be."

The private sector is still relatively small (only one private firm is in the top six of Mexico's leading 500 companies) but its leading lights are immensely wealthy and powerful. They have a life style in stark contrast to the impoverished masses.

Sr. Echeverria began to chip away at their power and privileges. He tried too quickly to speed up the pace of social reform and in doing so overturned the tradition of consensus politics, and weakened the centralised structure upon which Mexican presidents sit with absolute power for six years.

Because revenue was low and his reformist rhetoric antagonised the private sector, public sector plans were increasingly financed from foreign borrowings. Total borrowings of the public sector as a percentage of GDP jumped from 3.4 per cent in 1970, when he took office, to 9 per cent in 1975. The foreign debt shot from \$1bn to \$20bn and inflation became rampant in his last year, culminating in the devaluation of the peso and capital flight of \$4.5bn.

Real GDP growth slumped to 2 per cent in 1976 after averaging 6 per cent for many years. Since then there has been a turnaround which reflects the impact of Mexico's rising oil revenue and the success of the austerity programme implemented by Sr. Lopez Portillo working in closer conjunction with the private sector.

The sector's most important organisation is the little known Mexican Businessmen's Council, made up of 30 leading private businessmen, which meets with Presidents and ministers. The council has no office and makes no public statements, but its voice is taken into account on all major government decisions.

Sr. Lopez Portillo, who campaigned under the slogan *La Solucion con los todos* (it's up to everybody) has imposed, to the obvious delight of the private sector, a far tougher wage policy, cut back on public expenditure, limited foreign borrowing and pushed ahead with a far more vigorous export policy.

He created *La alianza para la produccion* (Alliance for production) which equates businessmen, farmers, workers and the Government to reach certain goals of productive and investment. Most of these goals have now been surpassed.

A report prepared by the private sector's economic unit paints a gloomy picture of its differences between business now and then. In 1977, 36 per cent of companies estimated that they were operating at a very low level of capacity as against only 8 per cent now. The great majority of companies are now in fact operating at full capacity.

The improved economic climate has caused business to expand. For example private sector imports in the first seven months of this year

were up 54 per cent over the same period in 1978. They represented \$1.1bn of the total \$6.2bn import bill.

The principal obstacles preventing firms from expanding quickly enough to meet a rapid rise in national demand and from moving into higher export gear are a shortage of raw materials, bottlenecks in the country's transport system (particularly the highly congested ports) and a lack of credit. Says the report, Whereas in 1978 "lack of profits" was a key cause for complaint, it does not even figure in the latest list.

It would seem, then, that the private sector is buoyant, bursting with optimism and content with its lot. It would clearly like to maintain the present status quo and is hoping that Sr. Lopez Portillo's successor in 1982 (Mexican president's cannot stand for reelection) will be in the same mould.

But this is the great unknown because of the peculiar way in which the 50-year ruling Institutional Revolutionary Party (PRI) chooses its Presidential candidate. The process is complicated, with the labour rural and popular wings of the PRI sifting through names acceptable to all the powers that be.

The private sector will be looking to someone who is in sympathy with Sr. Lopez Portillo's policies, but as the oil revenue rises so will pressures mount for a greater distribution of wealth, and a more radical president.

NEC.

THE COMPUTER AND COMMUNICATIONS COMPANY

that's at the forefront of the new computer revolution.

NEC makes a company with data processing expertise and communications experience to help science help man, and to lead the new computer revolution that's expanding everyone's access to information. NEC, besides communications systems, makes a full line of computers. One was used to analyze and process data from a Landsat satellite to make the composite map above. Amazing. And another reason why NEC has the trust of customers in over 120 countries.

Nippon Electric Co. Ltd
Tokyo, Japan

INTNL. COMPANIES and FINANCE

PENDING DIVS.

RECENT ISSUES

Sicartsa steel mill \$1bn second stage nears start

BY WILLIAM CHISSETT IN MEXICO CITY

SIDEREMEX, the Mexican Government's holding company for the three state mills, will start construction of the second stage of its Sicartsa mill at Lazaro Cardenas on the Pacific coast early next year...

agreed with the Mexican private steel company, Hyisa, to use its world famous process. Sideremex will also use the Hyisa process, which uses natural gas, for the third stage of the Sicartsa expansion...

Sideremex is currently having to import 15 per cent of its coal need—a heavy financial burden as the Mexican coal industry is underdeveloped.

Brascan buys 10% stake in Noranda

By Robert Gibbins in Montreal

BRASCAN, the major Canadian holding company now controlled by the Peter and Edward Bronfman interests, of Montreal and Toronto, has acquired about 10 per cent of Noranda Mines, the big resource group, in a deal worth nearly \$200m.

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table.

Table with columns: Company Name, Announcement Date, Announcement Year, Amount, etc. Includes Allied Irish Banks, Assoc. Edif., Foods, etc.

Polish policies praised

By Christopher Babins in Warsaw

POLAND'S PROSPECTS of increasing its \$15bn omnivore of foreign debt are supported by the confidence felt in the ability of the Government "to meet its economic challenges successfully."

Boost for Perstorp

BY VICTOR KATREZ IN STOCKHOLM

PERSTORP, the Swedish chemicals group, increased its pre-tax profit to SKr110m (\$27m), from SKr 93m for the year ended August 31 last May.

SKr 1.35bn (\$326m) or almost exactly on target. Sales by the chemicals division rose 12 per cent to SKr 565m.

However the largest single interest in Noranda emerged in the hands of two important associates, Placer Development Company, the big Western resource concern, and Kerr Addison Mines, a gold and uranium mining company.

Sharp upturn at National Iron

BY GEORGE LEE IN SINGAPORE

NATIONAL IRON and Steel Mills has reported a sharp improvement in group profits for the first half ended June 1979. Group pre-tax profit soared 83 per cent to S\$26.2m for the six months, but a 94 per cent rise in tax provisions trimmed growth at the net level to 75.3 per cent, giving a net profit of S\$15.25m (US\$7m).

Turnover of the group, which is the largest manufacturer of iron and steel products in Singapore and is partly owned by the Singapore Government, rose by only 45 per cent to S\$121.3m (US\$56m). The group has declared a gross interim dividend of 13 per cent.

CURRENCIES, MONEY and GOLD Catching up with London

BY COLIN MILLER

Despite suggestions that banks are under less cozier pressure and hopes of an improvement in tomorrow's banking figures, this is hardly likely to reduce any very dramatic effect on short-term interest rates.

On June 13—the day after the last rise in Bank of England Minimum Lending Rate—one-month Eurosterling was quoted at 14 per cent, with Eurodollars held enough to hope for something better this time.

The dollar in the forward market. At mid-June sterling was at a discount of about 1 cent against the dollar for one-month delivery, but last Thursday one-month sterling/dollar was almost at par.

increased its complicated structure of rates by 1 per cent, including a rise to 10 per cent in the discount rate, the highest level since World War II.

Table with columns: Gold Bullion (fine ounce), Close, Opening, Morning Fixing, Afternoon Fixing. Includes Kruggerand, New Sovereigns, King Now, Victoria Cross, etc.

Table with columns: Other Markets, Argentina, Australia, Brazil, Canada, Denmark, etc. Includes Note Rates.

Table with columns: THE DOLLAR SPOT AND FORWARD, Oct. 5, Day's spread, One month, % Three months, % Six months, % One year.

Table with columns: THE POUND SPOT AND FORWARD, Oct. 5, Day's spread, One month, % Three months, % Six months, % One year.

Table with columns: EXCHANGE CROS' RATES, Oct. 5, Pound Sterling, Deutschmark, Japanese Yen, etc.

Table with columns: CURRENCY RATES, Oct. 5, Bank of England, Special Drawing Rights, etc.

Table with columns: LONDON MONEYRATES, Oct. 5 1979, Sterling Certificate of Deposit, Local Authority deposits, etc.

Table with columns: CURRENCY RATES, Oct. 5, Bank of England, Special Drawing Rights, etc.

Table with columns: EQUITIES, Issue Price, Amount Paid Up, etc. Includes Barlow Hdgcs, Fogarty & Co., etc.

Table with columns: FIXED INTEREST STOCKS, Issue Price, Amount Paid Up, etc. Includes Aurora Bk, Eastbourne Waterworks, etc.

Table with columns: "RIGHTS" OFFERS, Issue Price, Amount Paid Up, etc. Includes Bank Leum, BHP Proprietary, etc.

Table with columns: BASE LENDING RATES, A.B.N. Bank, Amro Bank, American Express, etc.

Public Works Loan Board rates Effective from October 6. Quota loans repaid Non-quota loans A* %

Table with columns: Public Works Loan Board rates, Years, by EIP, At maturity, etc.

Table with columns: INSURANCE BASE RATES, Property Growth, Vanbrugh Guaranteed, etc.

I.G. Index Limited 01-351 3466. March Sugar 143.65-145.25. 29 Lamont Road, London SW10 0HS.

International by design. Headquartered in Bahrain, the Bank has a capital base of U.S. \$119,000,000 and is jointly owned by seven sovereign states: Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

INSURANCE

APPOINTMENTS

WORLD STOCK MARKETS

Do-it-yourself guide to home valuation

BY OUR INSURANCE CORRESPONDENT

A LONG standing source of friction between many domestic policyholders and insurers is the requirement by insurers that the individual fixes his own sums insured, with little or no guidance.

Few moments reasoned thought must demonstrate the magnitude, if not the impossibility, of insurers' task should they try to provide what would have to be an individual survey service. Moreover, the service could not be provided free, but would involve a substantial increase in household premiums.

However, recognising the need, in this consumer society, to help home owners and occupiers, the British Insurance Association last year published a leaflet, A guide to building insurance for the home owner. It briefly explains the kind of cover provided by the average household buildings policy, and sets out the essential questions on how to value one's home. It emphasises the yardstick is not market value, but the cost of reconstruction in the event of total destruction.

Principal feature of the leaflet is a chart of building costs on a £ sq ft basis, for various types of house, of different sizes and ages, and in different parts of the country. The chart was developed by the Building Cost Information Service of the Royal Institution of Chartered Surveyors. It provides figures for 156 different situations.

The BIA leaflet was published last November. It suffered then from the disadvantage that the figures were a little out of date—they had been produced by the RICS in July, and no allowance had been made for inflation.

The BIA promised regular revisions. I understand that the 1979 leaflet will be available next month, and will contain figures produced by the RICS in September.

It seems likely that last year's figures will have to be raised by about 20 per cent, having regard to the increase over 15 months of the Housing Cost Index prepared each month by the magazine Building. The index is used by almost all insurers who index link household buildings sums insured and premiums.

Although the RICS produces both the figures in the BIA

leaflet and the index, the latter is just one broad national average. It takes no account of such features as geographical location, types of construction, quality and size of home. It is the BIA figures, when compared with the old, will show fluctuations of about 30 per cent—some more, some less.

The surge in the Housing Cost Index has taken place only in the past three months, as the result of wage settlements in the building industry in the summer. Holders of index-linked buildings policies renewable in the next few months can reckon on paying about 15 per cent more than last year—which will be about £7.50 extra on a house covered for £40,000.

CONTRACTS £3.4m phones from Plessey

The Post Office has placed orders worth £3.4m with PLESSEY COMMUNICATIONS AND DATA SYSTEMS of Beeston, Nottingham. The contract includes a repeat order for the Mickey Mouse telephones, which the Post Office is marketing as a special range model.

A £730,000 contract for a two-million underground drift conveyor at Treton colliery, near Rotherham, has been awarded to CABLE BELT by the National Coal Board. The conveyor will be a CB2 installation with a gradient of about 1-in-7 with a design load of 550 tonnes per hour and two power units to drive the cables carrying the self-troughing belt.

An order for Solar Sparto glow warning lamps worth over £250,000 has been received by LONDON BANKSIDE PRODUCTS of Amersham, Bucks, from Datsun UK. The lamps will be fitted exclusively to all Datsuns sold in the UK.

A £150,000 contract for the installation of electrical services and fire alarm systems at the Greater London Council's solid waste rail transfer station, Hillingdon, has been awarded to HADEN YOUNG, part of the Haden Carrier Group.

Managing director for Sykes Pumps

SYKES PUMPS has appointed Mr. Vic Jennings as managing director and a director of Henry Sykes. He was formerly managing director of Sykes Marine.

Mr. W. D. Wilson has resigned from the Board of ANGLICAN GOLD INVESTMENT COMPANY ("ANGOLD"), Johannesburg, and Mr. L. G. Stoford of Skellville has been appointed in his place.

Mr. Neil Cooper has been appointed assistant general manager of GUY BUTLER (HONG KONG), part of the Guy Butler (International) group.

Mr. Tony (A. P.) Bird will be joining T. C. COOMBS AND CO stockbrokers, as a consultant. Mr. Bird is also associated with Chase Econometrics and is a council member of the Society of Investment Analysts.

JOHNSON MATTHEY BANKERS has appointed Mr. W. G. Salvage as chief dealer-foreign exchange. Mr. Salvage joined the bank in 1974. He has been a senior dealer for two years. Mr. Salvage will be directly responsible to Mr. R. Pealling, the bank's foreign exchange manager.

The United Nations FOOD AND AGRICULTURE ORGANISATION, Rome, has appointed Mr. Renzo Scavazzon of Italy as the FAO representative in Honduras, and Mr. Yahya Amin Salah of Jordan as the FAO representative in Iraq.

Mr. Richard W. Davies has been appointed chairman of DOLLANDS PHOTOGRAPHIC.

ASSOCIATES CORPORATION OF NORTH AMERICA, New York, executive vice-president Mr. Harold D. Marshall has been appointed director of several of the financial services company's subsidiaries. Mr. Marshall, who heads The Associates' transportation, industrial financing and fleet leasing operations, will serve as a director of Associates Capital Corporation, The Associated British Corporation and commercial financing subsidiary, and Associates Capital Corporation, which provides financing services to individuals and businesses located in Canada.

Mr. Marshall succeeds Mr. Ronald D. Marshall, director of Associates Capital Corporation. Recently, Mr. Krause was named vice-chairman of The Associates responsible for the company's commercial financing

activities as well as its extensive computer and communication operations. In addition, Mr. Marshall will serve as a director of Cumberland Life Insurance as well as two casualty insurance companies, Enmo Insurance and Excel Insurance, which make up The Associates' insurance group. The company also announced that senior vice-president Mr. John D. Kines has been elected director of ASSOCIATES CAPITAL CORPORATION. Mr. Kines has been the company's domestic truck/trailer and auto leasing operations, and its commercial financing and leasing activities in the U.K. The Associates are a Gulf and Western Company.

Mr. A. Donald H. Macdonald has been appointed Glasgow area manager of the INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION (ICFC) in succession to Mr. J. L. Wisbart who is assuming responsibility for Development ICFC in Ireland and undertaking other duties in Scotland. Mr. Macdonald has been with ICFC for 10 years during which he managed ICFC's Sheffield area office and more recently was Scottish manager of ICFC Corporate Finance, whose activities were formerly carried out by Scottish Industrial Finance. Mr. R. McIntosh succeeds Mr. Macdonald as ICFC Corporate Finance. Mr. McIntosh was formerly with ICFC, Finance for Shipping and Estate Duties Investment Trust (EDITIT) until 1972, when he left ICFC to manage the newly formed leasing subsidiary of the Royal Bank of Scotland.

Mr. Michael Jenkins is relinquishing his position as a managing director of the European Options Exchange and has been appointed director of DIRECTORSHIP APPOINTMENTS.

Mr. John Freeman has been appointed marketing manager for WCB-CLARES, of Wells, manufacturer of shop and distribution handling equipment.

PEAT MARWICK MITCHELL, the UK's largest accountancy firm, has appointed Mr. J. Parsons as its insolvency chief.

Mr. James Hetherington has been appointed town clerk and chief executive of MANCHESTER. He has been city treasurer since 1973, and takes over from Mr. Robert Calderwood, who has been appointed chief executive of Strathclyde Council.

Indices

NEW YORK-DOW JONES

Table with columns for Oct 5, Oct 6, Oct 7, Oct 8, High, Low, and values for Industrial, Total, and Utilities indices.

STANDARD AND POORS

Table with columns for Oct 5, Oct 6, Oct 7, Oct 8, High, Low, and values for Industrial, Total, and Utilities indices.

EUROPE

AMSTERDAM

Table with columns for Oct 5, Price, Div. Yield, and values for various stocks like Ahold, Alkerm, and others.

BRUSSELS/LUXEMBOURG

Table with columns for Oct 5, Price, Div. Yield, and values for various stocks like Arbed, C.B.R. Cement, and others.

VIENNA

Table with columns for Oct 5, Price, Div. Yield, and values for various stocks like Creditanstalt, Perle, and others.

COPENHAGEN

Table with columns for Oct 5, Price, Div. Yield, and values for various stocks like Andelsbanken, Danmarks Bank, and others.

GERMANY

Table with columns for Oct 5, Price, Div. Yield, and values for various stocks like AEG, Allianz, and others.

CANADA

Table with columns for Oct 5, Price, Div. Yield, and values for various stocks like Alcan, BHP, and others.

MILAN

Table with columns for Oct 5, Price, Div. Yield, and values for various stocks like Anic, Bepi, and others.

OSLO

Table with columns for Oct 5, Price, Div. Yield, and values for various stocks like Bergen Bank, Kongsberg, and others.

PARIS

Table with columns for Oct 5, Price, Div. Yield, and values for various stocks like Air Liquide, Bouygues, and others.

JOHANNESBURG

Table with columns for Oct 5, Oct 6, Oct 7, Oct 8, High, Low, and values for Industrial, Total, and Utilities indices.

TOKYO

Table with columns for Oct 5, Price, Div. Yield, and values for various stocks like Aashi, Canon, and others.

STOCKHOLM

Table with columns for Oct 5, Price, Div. Yield, and values for various stocks like Alfa, Astra, and others.

BRASIL

Table with columns for Oct 5, Price, Div. Yield, and values for various stocks like Acasa, Banco, and others.

HONG KONG

Table with columns for Oct 5, Price, Div. Yield, and values for various stocks like Amalgamated Rubber, China, and others.

AUSTRALIA

Table with columns for Oct 5, Price, Div. Yield, and values for various stocks like Acrom, Acme, and others.

JOHANNESBURG

Table with columns for Oct 5, Price, Div. Yield, and values for various stocks like Anglo American, Eloff, and others.

INDUSTRIALS

Table with columns for Oct 5, Price, Div. Yield, and values for various industrial stocks like AECI, Abscon, and others.

WALL STREET

NEW YORK

Large table listing various stocks and their prices, including Abbott Lab, Alcan, Amgen, etc.

High Low Stock

Table listing various stocks and their prices, including Control Data, Digital Equipment, etc.

High Low Stock

Table listing various stocks and their prices, including Johnson & Johnson, Pfizer, etc.

High Low Stock

Table listing various stocks and their prices, including Revlon, Reynolds Metals, etc.

High Low Stock

Table listing various stocks and their prices, including Williams, Wm. S. Kieser, etc.

High Low Stock

Table listing various stocks and their prices, including AEG, Allianz, etc.

High Low Stock

Table listing various stocks and their prices, including Amalgamated Rubber, China, etc.

High Low Stock

Table listing various stocks and their prices, including Acrom, Acme, etc.

Handwritten text at the bottom of the page.

INTERNATIONAL CAPITAL MARKETS

BY DAVID LASCELLES

CURRENT INTERNATIONAL BOND ISSUES

The Fed goes to the root

WITH TODAY A U.S. bank holiday, the credit markets will have an extra 24 hours to digest the Fed's week-end credit pack...

all up, with new long term triple-A's breaking through the 9.50 per cent level. There were many reasons. One was the latest producer price index, which rose 1.4 per cent in September...

rite that Mr. Paul Volcker, the Federal Reserve chairman, had resigned - even that he had been voted down by the rest of the Fed board and that he had been taken ill...

any beneficial side effects on the dollar as a useful bonus. The boldness of the measures also increases their chance of success. So, while higher interest rates are bound to depress fixed income security prices...

writers were stuck with more than 20 per cent of the issue by the end of the week because rates were going up so fast that the bonds had lost their attraction within 24 hours...

Table with columns: Borrowers, Amount, Maturity, Av. life years, Coupon %, Price, Leadmanager, Offer yield %. Lists various international bond issues from U.S. Dollars to Kuwaiti Dinars.

INTERNATIONAL BONDS

BY OUR EUROMARKETS STAFF

A Volcker package to the rescue

THE NEWEST set of U.S. measures to defend the value of the U.S. dollar would appear to have impact on the Euro-currency markets in two distinct ways. First, in the securities market, the raising of the discount rate and the new emphasis of U.S. monetary policy should provide international investors with reassurance that Mr. Paul Volcker means business against U.S. inflation...

the main element of the Euro-market's "short circuit" of U.S. tight money policy has been removed but that unpredictable and perhaps profitable loopholes remain for non-U.S. banks...

Westdeutsche Landesbank decided not to join the management group of this bond, precisely because of anti-dollar sentiment in Germany. Yet a proportion of this issue was pre-placed and, according to the lead manager, CCF, some 70 per cent of the book had already been covered.

Investor response to the \$40m three-year issue from the New Zealand agency did not appear to be too bad on Friday night. But conditions for this issue could well prove turbulent this morning, given that its short maturity of three years makes it more of a money market instrument than a bond.

quiet last week. Prices were virtually unchanged on Guilder, Swiss franc and Deutsche Mark bonds. One major possibility over-hanging these markets is that of a new issue of "Carter bonds" to help the dollar. Bundesbank officials confirmed that technical talks were taking place between Frankfurt and Washington on the subject of the borrowing...

By NICHOLAS COLCHESTER and JOHN EVANS

INA rethinks bank plan

THE ORIGINAL plans of INA, the big American insurance company, to build up a "universal" bank backed by its \$1bn of net worth, have been shelved. This is implicit in the company's decision to go along with the proposal of Paine Webber, the major Wall Street brokerage house, to take over INA's investment banking subsidiary...

controlling stake in BEDCO of 67 per cent, and could envisage it as part of his planned international banking empire. The result of the proposed merger will be to leave it with an essentially passive involvement based upon a 20 per cent shareholding. Mr. Saul conceded that INA's aspirations have proved over-ambitious, and "will now be restrained."

to fourth place as a result of this merger. The investment banking arm of the merged group will be called Blyth Eastman Paine Webber and will be headed up by Mr. Al Shoemaker, currently BEDCO chairman. It seems probable that BEDCO's fledgling international investment bank will now be in the hands of Mr. Richard Butler, who Mr. Zombanakis took with him from First Boston when he joined Blyth Eastman in June last year. But the details are not yet settled and executives from both sides are still sounding each other out.

FT INTERNATIONAL BOND SERVICE

Table with columns: U.S. DOLLAR STRAIGHTS, DEUTSCHE MARK STRAIGHTS, SWISS FRANC STRAIGHTS. Lists various bond issues with their respective yields and prices.

Table with columns: YEN STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLE BONDS. Lists various bond issues with their respective yields and prices.

Table with columns: BONDTRADE INDEX AND YIELD, EUROBOND TURNOVER, STRAIGHT BONDS, FLOATING RATE NOTES, CONVERTIBLE BONDS. Provides market indices and bond details.

Advertisement for Sheraton-Heathrow Hotel. Includes the headline 'How not to lose any sleep over an early morning flight.', an illustration of a man sleeping peacefully, and text describing the hotel's amenities and services.

NEWS ANALYSIS—ROLLS-ROYCE SAGA ENDS

Aero-engine coup for the receiver

BY RICHARD LAMBERT

STOCKHOLDERS in R-R Realisations (the old Rolls-Royce, which crashed in February, 1971) are to receive a final payment of 8.41p per £1 of ordinary stock held. This brings to an end what must count as one of the most extraordinary liquidations of all time.

By the end of December, 1970, the net tangible assets of the company had been reduced to only £12.5m after a provision for future losses on the RB-211 contract. The Conservative administration was still firmly committed to a policy of letting the ducks die, and a three-hour Cabinet meeting on February 3 decided that there was no alternative to the receiver.

agreement signed that month, by which the Government took over the aero-engine business through its newly formed Rolls Royce (1971) Limited. Although Rolls-Royce Limited, the seller, had been brought to its knees it was agreed that the aero-engine business should be sold to the Government on a willing buyer/willing seller basis—a wholly artificial concept.

whole of the capital of Rolls-Royce Motors. It was the biggest flotation ever at the time and it brought in £37.2m after expenses.

Oil 'casts gloom on outlook'

BY MICHAEL LAFFERTY

A DEPRESSING outlook for the world economy in the medium-term is forecast by Bankers Trust Company, despite the fact that recent oil price increases have been less severe than those of 1973-74.

Concessions

In the circumstances, that still looks a reasonable decision. But in the next few weeks, there seems to have been a change of heart. A leader in the Financial Times towards the end of March, 1971, commented that: "In the immediate aftermath of the Rolls-Royce bankruptcy announcement, Lockheed was much more anxious than the British Government that the engine project should continue."

Biggest ever

The major success for the receiver and his joint liquidators, Sir William Slimmings and Mr. Keith Wickenden, lay in the sale of the motor car and diesel engine companies. A somewhat neglected and not very profitable business, it was originally intended to be sold by private tender.

Upside down

The other assets of Rolls-Royce Limited—its debtors, properties and investments in such companies as Bristol Aerojet—have brought in a grand total of £102.3m. In addition, there have been net interest receipts of £23.7m after tax on the large sums of money held pending distribution to creditors and stockholders.

TORQUAY

1975 July Corniche Convertible in Walnut with Beige hide upholstery and Beige hood. A beautiful one-owner car. 30,000 miles. Offered at £39,850

ChangeWares Limited

AND ITS SUBSIDIARY COMPANIES

Interim Results for six months to 30th June, 1979

Table with 2 columns: Unaudited results for six months ended 30th June 1979 and Year to 31st December 1978. Rows include Earnings, Profit before tax, Dividends, etc.

Smelt return to cleaner Thames

THE THAMES has been given a cleaner bill of health by the Thames Angling Preservation Society, which has found that two old residents have returned to London. As well as the 247 smelt, 32 eels, 12 bleak, two fiddlers and two roach.

CONTRACTS AND TENDERS

Bidders and third parties are publicly requested to better bids for the sale, as unity, of an agricultural-industrial complex comprising one sugar factory, alcohol distillery and sugar cane plantations, all located in the Province of Tucuman, Argentine Republic.

MOTOR CARS WADHAM STRINGER ROLLS-ROYCE Official Distributors for Rolls-Royce and Bentley. Includes details for various models like Silver Shadow II, Corniche II, etc.

PLANT AND MACHINERY

- 1) ROLLING MILLS 20in x 30in x 350 h.p. Two High Reversing Mill. 5in x 12in x 10in wide variable speed Four High Mill.

ANNOUNCEMENTS

SIAM COMMERCIAL BANK LIMITED (Incorporated in Thailand) announce with pleasure the opening of their LONDON REPRESENTATIVE OFFICE on 8th OCTOBER, 1979.

REPUBLIC OF COSTA RICA Floating Rate Note issue of US\$20 million April 1978/85. The rate of interest applicable for the six month period beginning on October 10th, 1979, and set by the reference Agent is 14 1/2% annually.

LEGAL NOTICES

COMMONWEALTH OF THE BAHAMAS In the Supreme Court Equity Side IN THE MATTER OF INTERNATIONAL BANKING CORPORATION AND IN THE MATTER OF THE COMPANIES ACT (CHAPTER 184)

CONTRACTS AND TENDERS

ARGENTINA BELLA VISTA S.A. SUGAR FACTORY (in Liquidation) INTERNATIONAL CALL FOR TENDERS PUBLIC REQUEST TO BIDDERS AND THIRD PARTIES TO BETTER BIDS

SUI NORTHERN GAS PIPELINES LTD. TENDER NOTICE Sui Northern Gas Pipelines Limited invite tenders from manufacturers for supply of Dehydration Plants on C & F Karachi Pakistan basis, as under:-

WICKMAN 1" 6SP AUTOMATIC. Spindle stopping, cross drilling, Pickup attachment, 3 drilling spindles, swarf conveyor, will turn and index to maker's limits. Excellent.

GENEVA COURT OF JUSTICE By a Decree of 13 September 1979, the First Section of the Court of Justice: —has acknowledged, effective September 13, 1979, the resignation of Mr. Pierre Engel, by letter dated August 24, 1979, from his function as liquidator of the INTERNATIONAL CREDIT BANK.

ART GALLERIES ANDREW WYLD GALLERY, 3, Cork St., W1. Tel: 01-499 5116. BROUWER & DARRY LTD., 19, Park St., W1. Tel: 01-499 5116.

CHINA 1980 12 STUDY TOURS Peking, Sinkiang, Inner Mongolia, Sichuan and Yangtze Gorges Kweilin, Sian, Loyang, DaTong, Talyuan and 15 other centres. Experienced Leaders on Every Tour STUDY CHINA TRAVEL LTD.

مكاتبنا في لندن

مكتبة من الأعمال

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs., Friends' Provident Unit Tr. Mgrs., and others, including their managers and details.

Mutual Unit Trust Managers

Table listing mutual unit trust managers like National and Commercial, National Provident Inv. Mgrs. Ltd., and others.

Offshore & O'Seas Funds

Table listing offshore and overseas funds such as Alexander Fund, Allen Harvey & Ross Inv. Mgt. (C.I.), and others.

INSURANCE & PROPERTY FUNDS

Table listing insurance and property funds like Crown Life Assurance, London & Lancashire, and others.

NOTES: Information regarding the accuracy and interpretation of the data provided in the tables.

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FOOD, GROCERIES—Cont.

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

HOTELS AND CATERERS

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

INDUSTRIALS (Miscel.)

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

ENGINEERING—Continued

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

CHEMICALS, PLASTICS—Cont.

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

DRAPERY AND STORES

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

BANKS & HP—Continued

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

FOREIGN BONDS & RAILS

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

BRITISH FUNDS

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

AMERICANS

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

BEERS, WINES AND SPIRITS

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

BUILDING INDUSTRY, TIMBER AND ROADS

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

ELECTRICALS

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

Over Fifteen Years

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

Five to Fifteen Years

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

Under Fifteen Years

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

INTERNATIONAL BANK

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

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Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

CANADIANS

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am

BANKS AND HIRE PURCHASE

Stock	Price	Change	High	Low	Open	Close	Volume	Market
Amalgamated	125	+1.5	126.5	124	125.5	127	100	Am
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FINANCE, LAND—Continued



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Armed strength on parade in E. Berlin

BY ANTHONY ROBINSON, EAST EUROPE CORRESPONDENT

EAST GERMANY staged its biggest ever military parade along East Berlin's Karl Marx Allee yesterday. It was only hours after Soviet President Leonid Brezhnev had warned western Europe against stationing medium-range nuclear missiles on its soil...

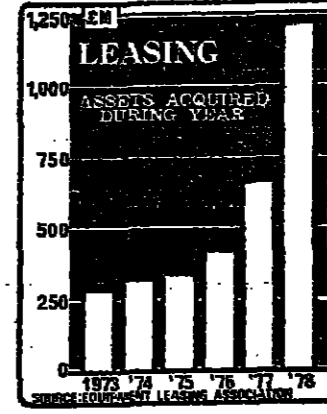
that NATO countries should deploy both the Pershing II and the so-called Euro-cruise missile to balance the cruise missile SS-20 missiles now stationed in the western part of the Soviet Union. The proposals have provoked a fierce debate in Western Europe...

serious choice. "They have to decide what is better for the Federal Republic—to help strengthen peace in Europe... or to contribute to a new aggravation of the situation in Europe and the world by deploying on its territory American nuclear missiles spearheaded against the Soviet Union and its allies."

THE LEX COLUMN

Money rates after the Fed's move

When Mr. Paul Volcker, chairman of the Federal Reserve Board, flew home from Belgrade last Tuesday there was a strong hint that the U.S. Government had accepted that any cure for the dollar's problems must be found at home...



far more competitive—partly as a result of the increase in the number of industrial and commercial lessors—Lloyds is inevitably at a disadvantage. It might not be so bad for Lloyds, if it could feel that its share of the leasing business was going to Lloyds and Scottish...

Guerrilla front faces British ultimatum

BY BRIDGET BLOOM

THE LANCASTER HOUSE Rhodesia talks move into their fifth and most critical week this morning with the Patriotic Front guerrilla alliance apparently facing an ultimatum from Britain to accept the new British constitution for Rhodesia or face the breakdown of the conference.

Patriotic Front leaders Mr. Joshua Nkomo and Mr. Robert Mugabe spent most of yesterday closed in meetings in an effort to work out their joint response to the British constitutional proposals which were tabled last Wednesday by Lord Carrington, the Foreign Secretary, who is chairing the talks.

The proposals were accepted on Friday by the Salisbury delegation led by Bishop Muzorewa, the Zimbabwe Rhodesia Prime Minister. According to Patriotic Front officials, the Front will this morning table a series of detailed reservations to the proposals.

The front does not see its reservations on land, citizen-

ship and other matters—as a make or break issue. Front delegates were insisting in London last night that despite the arm-twisting tactics of Lord Carrington and his team at Lancaster House, they intend to stay in London to continue negotiations on the constitution and the transition.

However, Britain will apparently insist today that the Front either accepts or rejects the constitution as it stands. Britain is in no mood to reopen what it considers to be completed negotiations on a constitution which Lord Carrington said last Wednesday, the Government intends to recommend to Parliament.

This position is likely to be strongly disputed in today's session by the Patriotic Front, which in the last few days has become increasingly resentful of Britain's "cavalier" approach. It seems likely that today's session—if it is not adjourned as soon as the Front has presented its qualified reply to the constitution—could see

some tough wrangling between it and Britain. However, there were hopes last night that pressure could be brought to bear on the interested parties to accept a formula which would allow both sides to save face and the conference to continue.

Representatives of the "front-line" African States and others currently observing the conference are working on a compromise which would allow the Front to express its reservations while acquiescing very grudgingly in the document as a whole.

The key point here would be that the Front would insist, and Britain would accept that agreement on its constitution would be contingent on acceptable arrangements being negotiated for the transition. But while there is still a good chance that the conference will go ahead, it may be another week before the compromise is agreed.

Smith Rejects Proposals, Page 4

Engineering unions' 'great victory' denied by employers

BY ALAN PIKE, LABOUR CORRESPONDENT

THE VIEW that union leaders have won a "great victory" in the engineering dispute is rejected by the Engineering Employers' Federation in justification of its settlement which will reach finance institutions and 6,500 member companies today.

As part of the four-year agreement which ended the dispute last week, the industry's normal working week will go down from 40 to 39 hours in two years. Union leaders regard this as a breakthrough of outstanding importance in their campaign for a shorter working week throughout industry.

But Mr. Anthony Frodsham, director general of the EEF, says today that the employers' negotiators are confident the agreement is a good one, which it would have been impossible to achieve without the "unprecedented solidarity" shown by member companies.

"Thanks to this solidarity we have been able to drive away the most damaging elements of the claim and gain time in which to find ways of offsetting, by increased productivity, the cost of the eventual one-hour reduction in the working week.

"This same strength enabled us to insist on major concessions over anniversary dates, and to obtain the four-year agreement, which we believe will ensure industrial harmony through the difficult period of recession ahead of us, he says.

Mr. Frodsham's letter has been sent to financial institutions, as well as his own members, as a follow-up to a meeting last month at which the EEF outlined the position it was taking in the dispute.

The letter does not explain why the EEF eventually gave way on the 40-hour-week principle. Like the unions, it had made it the most hard-fought issue of the action. But the federation says that "the inevitable introduction of a 39-hour-week is pushed off for two years, and there will be no further reduction in hours for at least four years."

An accompanying document on the economic implications of the settlement calculates that, if there were an increase in productivity, the ultimate effect of the four-year agreement on hours and extra holidays would be an increase in direct labour costs of about 8 per cent. Labour News, Page 7

JAPANESE ELECTIONS

Ohira 'landslide' still in balance

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

PRELIMINARY RESULTS from yesterday's Japanese general election (to the Lower House of the Diet) indicate that the ruling Liberal Democratic Party will increase its majority—but probably not by as much as the party had hoped.

The Liberal Democrats had won 192 seats, against 135 seats for the five main opposition parties, when counting ended after midnight in most rural constituencies. Another 16 independents (including several unofficial supporters of the ruling party) had also been elected.

On the strength of these results, a computer forecast gives the Liberal Democrats a final total of about 260 seats in the 511-seat Lower House. This is substantially more than the party won in 1976, when its initial score, before Conservative independents had joined the party, was only 248.

But it falls well short of the 271 "magic figure" at which Mr. Masayoshi Ohira, the Prime Minister, is known to have been aiming. With 271 seats, the Liberal Democrats would be able to control all major committees in the Lower House.

Continued from Page 1

Ministers reconsider

The Statute Book a clause inserted by the Conservative Opposition in 1974 and repealed by the Labour Government in 1976. That clause made it clear that only breaches of employment contracts were protected from court action.

The lorry-drivers' strike last winter and the furore about drivers' picketing focused attention on so-called "secondary picketing", and this is now seen by the Conservative Party as the political priority, a subject which the public can readily understand.

Mr. Prior's decision has been complicated by the fact that a crucial House of Lords hearing of a Fleet Street "blacking" case—Express Newspapers v. McShane—will not be heard until next month.

If the Lords upholds Lord Denning in the Appeal Court ruling against Mr. McShane and the National Union of Journalists, that would put a curb on secondary action by another route.

Lord Denning held that trade unions could claim immunity in furtherance of a trade dispute only if such "furtherance" could be objectively measured, it was not enough for a union to believe that its action was furthering its cause.

A decision from the Lords favourable to the Government's aims could make a statutory amendment in Parliament unnecessary.

Continued from Page 1

Tories

and that the majority of delegates will be satisfied if Lord Carrington, Foreign Secretary, reiterates that it is the Government's intention to remove sanctions as soon as a satisfactory agreement is reached.

Nevertheless, Wednesday's debate is bound to show up the division in the party over Rhodesia and some representatives will no doubt express very strong feelings. If the committee responsible for organising the conference agrees to harden up the resolution on Rhodesia currently on the agenda, an amendment will be debated which would urge the Government to recognise the existing "multi-racial government" given Zimbabwe Rhodesia Prime Minister Bishop Abel Muzorewa's acceptance of the British proposals for a new institution.

Axe may fall on seven industrial watchdogs

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

PLANS for abolishing seven of the 60 sector working parties and "little Neddies" which formed the basis of the last Government's industrial strategy are to be considered today by the National Economic Development Council.

The fate of a further 15 to 20 will depend on whether they manage to prove more effective in improving the efficiency of their industries during the next six months.

These relatively limited proposals are being put to today's council meeting by the National Economic Development Office for the first time since the group's work since the Conservatives came to power.

The proposals may be amended by those present who will include Confederation of British Industry and TUC leaders as well as Sir Geoffrey Howe, Chancellor of the Exchequer, and Sir Keith Joseph, Industry Secretary.

Ministers have accepted that the working parties and committees can do useful work, but are anxious to abolish those which are either not wanted by the companies and unions involved or which are not proving effective.

The lists prepared for today's council are based on a "ranking exercise" carried out by NEDO based on factors such as the importance of the industry concerned in terms of the size of its workforce, and its potential for export and reform.

Among the seven proposed for winding up are economic development committees (Little Neddies) covering hotels and catering, motor vehicle distribution and repair, and international freight movement.

Weather

UK TODAY SCOTLAND rather cloudy, some showers in north-west, rain later in south. London, S.E., E. England. Bright at first, becoming cloudy with occasional rain. Max 17C (63F). S. S.W., Channel Islands, Wales. Cloudy with outbreaks of rain. Strong winds to gale. Max 17C (63F). W. N.W., Lakes, I. O. Man, N. Ireland. Bright at first, becoming cloudy. Strong to gale winds. 15C (59F). N Scotland, Orkney, Shetland. Mainly cloudy. Scattered showers. Gale later. 14C (57F). Rest of Scotland. Mainly dry with sunny periods, becoming cloudy with rain. Gale later. Max 15C (59F). Outlook: Unsettled.

WORLDWIDE TEMPERATURES

Table with 4 columns: Location, Y'day, Midday, Y'day. Lists temperatures for various global locations like Algiers, Athens, Beijing, etc.

Largest leasing contract studied by UK banks

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

DISCUSSIONS which could result in the largest single leasing contract ever signed by a British bank are going on in the City. The talks concern the financing of the Shell/Esso North Sea support vessel, the order for which was lost by British yards to the Bauma Repola yard in Finland earlier this year.

As operator for the partnership, Shell is believed to have approached each of the four leading clearing banks for quotations on a seven to 10-year lease to finance the support vessel and related equipment costing about £60m.

Indications from the leasing market suggest that Shell is now in advanced discussions with one of the big clearers, possibly Barclays Bank, although Barclays has refused to com-

ment on the matter. "We are talking to a number of lessors about the idea of leasing this vessel. Discussions are still taking place," Shell said.

Barclays, through its finance house and leasing subsidiary Mercantile Credit, is the second largest provider of lease finance in the UK. Last year, Mercantile Credit leased equipment costing £179m, while National Westminster Bank's subsidiary—Lombard North Central—leased assets worth £216m.

The banks have a considerable incentive to provide lease finance because it enables them to shelter their profits from corporation tax. This is because banks become entitled to the tax allowances relating to leased assets, rather than the user of the assets.

Patek Philippe Hand-crafted advertisement featuring a watch image and text: 'Patek Philippe Hand-crafted. In 1839, the founding year of Patek Philippe, finishing a watch entirely by hand was the rule. Today it is the exception. Should rare watches made in this way appeal to you, so will our colour brochure The 7 Grands of Patek Philippe. Please write to: Patek Philippe (UK) Ltd, Dept FTN, P.O. Box 35, Maidenhead, Berkshire SL6 3BO.'